

EXHIBIT NO. 4436 Filed 1425

SEP 28 1984 -10 40 AM
INTRA-STATE COMMERCE COMMISSION

RECORDATION NO. 144367 Filed 142B

SEP 28 1984 - 10 40 AM

RECORDATION NO. 4436 September 28, 1984

INTERSTATE COMMERCE COMMISSION

SEP 28 1984 - 10 40 AM
INTERSTATE COMMERCE COMMISSION
commerce Commission

Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Secretary:

No. 4-272A013 RECORDED NO. 14436-1
Date SEP 28 1984 Filed 1425

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ICC Washington, D C.

We have enclosed two original sets and two photocopied sets of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

These documents are, within the classification scheme promulgated as 49 C.F.R. § 1177.1, as follows:

- (1) a lease (comprised of a Lease of Railroad Equipment and a Lease Supplement thereto, each dated as of September 28, 1984) - a primary document, and
- (2) a security agreement (comprised of a Trust and Security Agreement and a Security Agreement Supplement thereto, each dated as of September 28, 1984) - a primary document.

The names and addresses of the parties to these documents are as follows:

(1) Lease

Lessor :

Dean Witter Rail Investors Limited Partnership
c/o Dean Witter Transportation Leasing Corporation
Two World Trade Center
15th Floor
New York, New York 10048

Lessee:

Cargill, Incorporated
P. O. Box 9300
Minneapolis, Minnesota 55440
Attention: Traffic Manager, Corn Milling Division

ICC OFFICE OF
THE SECRETARY
SEP 28 10 31 AM '84
MOTOR OPERATING UNIT

2. Security Agreement

Owner:

Dean Witter Rail Investors Limited Partnership
c/o Dean Witter Transportation Leasing Corporation
Two World Trade Center
15th Floor
New York, New York 10048

Trustee:

The Connecticut Bank and Trust Company, National Association,
as Trustee
One Constitution Plaza
Hartford, Connecticut 06115
Attention: Corporate Trust Department

A description of the equipment covered by such documents follows:

Seventy-nine (79) rail tank cars (59 of which were manufactured by Trinity Industries, Inc., and 20 by Union Tank Car Company), 17,500 gallon capacity each, of AAR Mechanical Description "T-104" and DOT Specification "111A100W3", bearing the following numbers to identify Cargill, Incorporated as the lessee thereof:

CRGX 4000
CRGX 4002
CRGX 4004 - 4035 (inclusive)
CRGX 4037 - 4048 (inclusive)
CRGX 4051 - 4053 (inclusive)
CRGX 4056
CRGX 4057
CRGX 4059
CRGX 4061 - 4063 (inclusive)
CRGX 4065
CRGX 4067 - 4089 (inclusive)

The documents provide that rail tank cars hereafter acquired by the owner and leased to Cargill, Incorporated will also be property covered by the security agreement and the lease, up to a total of three hundred forty (340) such rail tank cars.

A fee of \$100.00 is enclosed. Please return the originals of each document and any extra copies not needed for recordation to the person presenting this letter and its enclosures for filing.

14436/B
REGISTRATION NO. FILED 1425
SEP 28 1984 - 10 42 AM
INTERSTATE COMMERCE COMMISSION

[Execution Copy]

TRUST AND SECURITY AGREEMENT

Dated as of August 15, 1984

Between

DEAN WITTER RAIL INVESTORS LIMITED PARTNERSHIP,
Owner

and

THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

\$12,370,050 Maximum Aggregate Principal Amount
14 1/8% Secured
Series A and Series B Notes

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EXHIBIT A - FORM OF SECURITY AGREEMENT SUPPLEMENT

EXHIBIT B-1 - FORM OF SERIES A NOTE

EXHIBIT B-2 - FORM OF SERIES B NOTE

TRUST AND SECURITY AGREEMENT dated as of August 15, 1984, between DEAN WITTER RAIL INVESTORS LIMITED PARTNERSHIP, a New York limited partnership (the "Owner"), and THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as trustee hereunder (the "Trustee"). Certain terms used herein have the respective meanings attributed thereto in Section 1 hereof.

RECITALS:

The Lessee, the Lender, the Trustee, the Owner, Dean Witter Transportation Leasing Corporation ("DWTLC"), a general partner of the Owner, and CLC Investors, Inc., a general partner of the Owner, have entered into a Participation Agreement (the "Participation Agreement") dated as of the date hereof, pursuant to which, and subject to the terms and conditions thereof, (a) the Owner shall purchase from, and lease back to, the Lessee certain rail tank cars (individually a "Rail Car" and collectively the "Rail Cars" or the "Equipment") more specifically described therein, (b) the Lessee shall lease the Rail Cars pursuant to the terms and conditions of a Lease of Railroad Equipment, dated as of the date hereof (as supplemented and amended from time to time in accordance with the terms thereof and hereof, the "Lease"), between the Owner and the Lessee, (c) in order to finance a portion of the Purchase Price of the Rail Cars, the Owner shall borrow funds from the Lender and, to evidence such borrowings, the Owner shall execute and deliver to the Lender one or more Series A Notes, and one or more Series B Notes, and DWTLC, as attorney-in-fact for and on behalf of each limited partner of the Owner, shall endorse each Series B Note, and (d) the Lender shall purchase the Notes.

The Lender has requested that in order to provide security for, inter alia, the payment of the principal of, and interest on and premium, if any, on the Notes, the Owner pledge, assign, mortgage and grant a security interest in the property, rights and privileges hereinbelow described constituting the "Collateral" to and in favor of the Trustee, and the Owner is willing to do so.

The Owner desires by this Trust and Security Agreement, among other things, to provide for (a) the issuance by the Owner of the Series A Notes and the Series B Notes evidencing loans made to the Owner as provided in the Participa-

tion Agreement, (b) the endorsement by DWTLC as attorney-in-fact for and on behalf of each of the limited partners of the Owner of such Series B Notes and (c) the mortgage, assignment and pledge by the Owner with the Trustee of all of the Owner's right, title and interest in and to the Equipment, the Lease and each Lease Supplement and payments and other amounts received hereunder or thereunder in accordance with the terms hereof (excluding Excepted Rights in Collateral), in trust, as security for the Owner's obligations to the holders of the Notes for the benefit and security of such holders.

All of the requirements of law have been fully complied with and all other acts and things necessary to make this Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

GRANTING CLAUSE:

A. Accordingly, as an inducement to the Lender to purchase the Notes to provide funds to the Owner to enable it to pay a portion of the Purchase Price of the Equipment, in consideration of the payment by the Trustee to the Owner of the sum of \$10, receipt of which is hereby acknowledged by the Owner, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Owner, in order to secure the payment of the principal, interest and premium, if any, on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance by the obligors thereunder of all conditions and covenants in the Notes and by the Owner and its partners of all conditions and covenants contained in this Agreement and in the Participation Agreement, does hereby grant, bargain, sell, transfer, convey, warrant, mortgage, assign, pledge, hypothecate and grant a continuing security interest unto the Trustee, its successors in trust and assigns, in and to all and singular of the Owner's properties, rights, interests and privileges and the proceeds thereof (whether now owned or hereafter acquired), except only "Excepted Rights in Collateral" (as hereinbelow defined) (all of which properties hereby granted, bargained, sold, transferred, conveyed, warranted, mortgaged, assigned, pledged, hypothecated or intended so to be are hereinafter collectively referred to as the "Collateral"). Without in any way limiting the generality of the foregoing, the Owner and the Trustee contemplate that they shall hereinafter enter into supplements to this Agreement substantially in the form of Exhibit A hereto

(individually a "Security Agreement Supplement" and collectively the "Security Agreement Supplements") with respect to some of the Collateral. Specifically, but not in limitation of the foregoing, Collateral includes the following:

(1) all right, title and interest of the Owner in and to each Rail Car from time to time subjected to the lien of this Agreement by means of a Security Agreement Supplement, together with all accessories, equipment, parts and appurtenances appertaining or attached to such Rail Car, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to each such Rail Car except such thereof as remain the property of the Lessee under the Lease, together with all the rents, issues, income, profits and avails therefrom;

(2) all right, title and interest of the Owner in, to and under (but none of its obligations with respect to) the Lease and each Lease Supplement entered into pursuant to the Lease (individually a "Lease Supplement" and collectively the "Lease Supplements"), including, without limitation, (a) all amounts of Interim Rent, Basic Rent, Supplemental Rent, insurance proceeds and requisition, indemnity and other payments of any kind for or with respect to the Rail Cars, excluding Excepted Rights in Collateral, (b) all rights of the Owner, except to the extent included in "Excepted Rights in Collateral", to exercise any election or option or to make any decision or determination or to give any notice, consent, waiver or approval under or in respect of the Lease or to accept any surrender of the Rail Cars as if the Trustee were named as "Lessor" in the Lease, (c) all rights, powers and remedies on the part of the Owner, whether arising under the Lease or by statute or at law or in equity or otherwise, arising out of any Event of Default or other event which with the lapse of time or the giving of notice, or both, would constitute an Event of Default (each such other event is herein referred to as a "Default") and (d) all rights of the Owner as a secured party thereunder to the extent a security interest may be deemed to be created by the Lease;

(3) all right, title and interest of the Owner in, to and under (but none of its obligations with respect to) the Bills of Sale and the Manufacturers' Bills of Sale, including, without limitation, all right of the Owner to exercise any election or option or to give any notice, consent, waiver or approval or to take any other action under or in respect of the Bills of Sale and the Manufacturers' Bills of Sale;

(4) all moneys and securities deposited or required to be deposited with the Trustee or the Lessor pursuant to any term of this Agreement, the Lease or any other Operative Document and held or required to be held by the Trustee hereunder;

(5) all rents, issues, profits, products, revenues and other income of all property from time to time subjected or required to be subjected to the lien of this Agreement, and all right, title and interest of every nature whatsoever of the Owner in and to the same and every part thereof; and

(6) all proceeds of the foregoing.

Concurrently with the delivery hereof, the Owner is delivering to the Trustee the executed original counterpart of the Lease.

B. Without limiting the generality of the foregoing, to secure payment, performance and observance, for the same consideration as set forth above, the Owner hereby presently and irrevocably sells, assigns, transfers and sets over unto the Trustee, and its successors and assigns, in the trust hereby created as security for the Owner's obligations under this Security Agreement and the Participation Agreement and for the benefit of the holders from time to time of the Notes, all of the right, title and interest of the Owner in, to and under (but none of the obligations of Owner in respect of) (i) the Lease, as from time to time supplemented or amended, including each Lease Supplement thereto (except only Excepted Rights in Collateral), (ii) all monies and claims for monies due and to become due to the Owner and all claims for damages, in respect of any Casualty Occurrence (as defined below) with respect to the Equipment or any thereof, and all other payments of any kind for or with respect to such Equipment (except only Excepted Rights in Collateral), (iii) all rights of the Owner (except to the extent included in Excepted Rights in Collateral) to execute any election or option or to make any decision or determination or to give any notice, consent, waiver or approval under or in respect of the Lease or to accept any surrender of any Rail Cars or any part thereof, (iv) all rights, powers or remedies on the part of the Owner, whether arising under the Lease or by statute or at law or in equity, or otherwise, arising out of any Default or Event of Default under the Lease and (iv) the Bills of Sale and Manufacturers' Bills of Sale. The assignment provided for in this paragraph is intended to be a present assignment and shall be effective immediately upon the execution of this Security Agreement and is not condi-

tioned upon the occurrence of any Security Agreement Default or Event of Default or any other contingency or event.

C. It is expressly agreed that anything herein contained to the contrary notwithstanding, the Owner shall remain liable under the Lease and the Bills of Sale, to the extent it is so liable, to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. The Trustee shall have no obligation or liability under the Lease or the Bills of Sale by reason of or arising out of the foregoing assignment, nor shall the Trustee be required or obligated in any manner, to perform or fulfill any obligations of the Owner under or pursuant to the Lease and the Bills of Sale, or except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

D. The Owner does hereby ratify and confirm the Lease and the Bills of Sale and does hereby agree that it will not take or omit to take any action, the taking or omission of which might result in an alteration or impairment of the Lease, the Bills of Sale or this assignment or of any of the rights created by the Lease, the Bills of Sale or this assignment.

E. There are expressly excepted and reserved from the lien and operation of this Agreement the following described properties rights, interests and privileges (herein sometimes referred to as "Excepted Rights in Collateral"):

(i) all payments of any indemnity under § 7 and § 13 of the Lease and under the Tax Indemnity Agreement (whether payable as Supplemental Rent under the Lease or otherwise) of the Lease, in all cases to or for the benefit of the Owner or any of its partners;

(ii) all rights of the Owner and any of its partners to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Owner or any of its partners on account of any indemnities or payments set forth in paragraph (i) above, provided that the rights excepted and reserved by this paragraph (ii) shall not be deemed to include any right to the exercise of any remedies provided for in § 14.1(b) of the Lease; and

(iii) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to § 8.6 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to or for the benefit of the Owner or any of its partners.

TO HAVE AND TO HOLD all the aforesaid property (other than Excepted Rights in Collateral) unto the Trustee, its successors and assigns in trust for the equal and proportionate benefit and security of the holders from time to time of the Notes without any priority of any one Note over any other except as herein otherwise expressly provided, and for the uses and purposes and subject to the terms and provisions set forth in this Agreement.

PROVIDED, HOWEVER, that if the principal, premium (if any), interest and all other amounts to become due in respect of all the Notes and all other amounts due each holder of a Note at the time and in the manner required hereby and by the Notes, the Lease and the Participation Agreement shall have been paid and the Owner shall have performed and complied with all the covenants, agreements, terms and provisions to be performed or complied with by it hereunder, then this Agreement and the rights hereby granted and assigned shall terminate and cease; otherwise to remain in full force and effect.

Accordingly, the Owner, for itself and its successors and assigns, agrees that all property subject or to become subject hereto is to be held subject to the further covenants, conditions, uses and trusts hereinafter set forth, and the Owner, for itself and its successors and assigns, hereby covenants and agrees with the Trustee, for the benefit and security of the holders from time to time of the Notes, and the Trustee agrees to accept the trusts and duties hereinafter set forth, as follows:

SECTION 1. DEFINITIONS

Section 1.01. Certain Definitions. For all purposes of this Agreement the following terms shall have the following meanings (which shall be equally applicable to both the singular and plural forms of the terms so defined):

"Affiliate" shall mean, with respect to any person, any other person controlling, controlled by or under common control with such person.

"Bill of Sale" is defined in the Participation Agreement.

"Casualty Occurrence" is defined in the Lease.

"Collateral" is defined in the Granting Clause hereof.

"Default" is defined in the Granting Clause hereof.

"Delivery Date" is defined in the Participation Agreement.

"DWTLC" is defined in the Recitals hereof.

"DWTLC Affiliate" is defined in the Participation Agreement.

"Equipment" is defined in the Recitals hereof.

"Endorsement" shall mean the undertaking of the limited partners of the Owner endorsed on each of the Series B Notes by DWTLC, as attorney-in-fact for and on behalf of each such limited partner, substantially in the form set forth in Exhibit B-2 hereto.

"Event of Default" shall mean any of the events or conditions defined as an "Event of Default" in the Lease.

"Excepted Rights in Collateral" is defined in clause E of the Granting Clause hereof.

"General Partner Bankruptcy" shall mean the occurrence of any of the following events:

(a) if a general partner of Owner shall (i) file, or consent by answer or otherwise to the filing against it of, a petition in bankruptcy or liquidation to take advantage of any bankruptcy or insolvency law of any jurisdiction, (ii) make an assignment for the benefit of its creditors, (iii) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers in respect of itself or of any substantial part of its property, (iv) be adjudicated a bankrupt or insolvent, or (v) take any corporate action for the purpose of any of the foregoing; or

(b) if a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by a general partner of Owner, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition

in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of such party.

"General Partner Parent" shall have the meaning given in the Participation Agreement.

"Lease" is defined in the Recitals hereof.

"Lease Supplement" is defined in the Recitals hereof.

"Lender" shall mean the lending institution identified in Schedule 1 to the Participation Agreement and its nominees, if any.

"Lessor's Liens" shall have the meaning given in the Lease.

"Majority in Interest of Note Holders" shall mean, as of a particular date of determination, the holder or holders of more than a majority in aggregate principal amount of all Notes outstanding as of such date (excluding any Notes then held by the Owner or the Lessee or any Affiliate of either thereof unless all Notes then outstanding are held by the Owner and the Lessee and their Affiliates).

"Manufacturer's Bill of Sale" means each Purchase Agreement as such term is defined in any Bill of Sale.

"Note" and "Notes" shall mean and include each Series A Note and each Series B Note.

"Officer's Certificate" shall mean, as to any corporation, a certificate signed by the Chairman of the Board, the President, the Executive Vice President or any Vice President and by the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary.

"Operative Document" shall have the meaning given in the Participation Agreement.

"Owner" shall mean Dean Witter Rail Investors Limited Partnership, a limited partnership formed under the provisions of the New York Uniform Limited Partnership Act, and its permitted successors and assigns under Section 10(a) of the Participation Agreement.

"Owner's Notice" shall have the meaning given in the Participation Agreement.

"Participation Agreement" is defined in the Recitals hereof.

"Permitted Investments" shall mean (i) certificates of deposit and time and other interest bearing deposits in banks which are members of the Federal Reserve System having a net worth of not less than \$125,000,000; (ii) short-term debt securities issued by or entitled to the full faith and credit of the United States Government; (iii) bank repurchase agreements with banks described in clause (i) of this definition which are fully collateralized by securities described in clause (ii) of this definition; or (iv) commercial paper which is rated "A-1" or better (or comparable ratings) by Standard & Poor's Corporation or "P-1" or better (or comparable ratings) by Moody's Investors Service, Inc. or the successors to such rating organizations, in each case referred to in the foregoing clause (i) through (iv) due within 270 days of the date of purchase.

"Person" or "person" is defined in the Participation Agreement.

"Rail Car" and "Rail Cars" are defined in the Recitals hereof.

"Register" is defined in Section 2.07(a) hereof.

"Security Agreement Default" shall mean an event or condition which after notice or lapse of time, or both, would become a Security Agreement Event of Default.

"Security Agreement Event of Default" shall have the meaning given in Section 6.01 hereof.

"Security Agreement Supplement" and "Security Agreement Supplements" are defined in the Recitals hereof.

"Series A Note" shall mean each, and "Series A Notes" shall mean all of the notes of Owner, substantially in the form thereof set forth in Exhibit B-1, originally issued to the Lender pursuant to Section 2.04 in the aggregate principal amount determined pursuant to the Participation Agreement, and maturing and bearing interest and secured as provided in said form, and as otherwise provided herein, and any note issued pursuant hereto in replacement or exchange for any Series A Note previously issued pursuant hereto.

"Series B Note" shall mean each, and "Series B Notes" shall mean all of the notes of Owner, substantially in the form thereof set forth in Exhibit B-2, originally issued

to the Lender pursuant to Section 2.04 in an aggregate principal amount determined pursuant to the Participation Agreement, and maturing and bearing interest and secured as provided in said form, and as otherwise provided herein, and any note issued pursuant hereto in replacement or exchange for any Series B Note previously issued pursuant hereto.

"Trustee" shall mean The Connecticut Bank and Trust Company, National Association, a national banking association, in its capacity as trustee under this Agreement, and its successors and assigns permitted by Section 8 hereof.

"Trustee Office" shall mean the principal corporate trust office of the entity then serving as Trustee, which, in the case of The Connecticut Bank and Trust Company, National Association, until notice of a change of address of such office is given by such entity, shall be at One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department.

Section 1.02. Terms Defined in the Lease and the Participation Agreement. For all purposes of this Agreement, capitalized terms, unless otherwise defined herein, shall have the meanings specified in the Lease or, if not specified in the Lease, the meanings specified in the Participation Agreement.

SECTION 2. THE NOTES

Section 2.01. Creation of the Notes. The Notes shall be issued hereunder and secured hereby. Except as is otherwise specifically provided in Section 2.09 with respect to lost, stolen, mutilated and destroyed Notes, the aggregate face amount of the Notes which may be outstanding at any one time hereunder shall be limited to \$12,370,050.

Section 2.02. Execution and Authentication of the Notes. Each Series A Note and Series B Note issued hereunder shall be executed and delivered on behalf of the Owner by one or more of its general partners and be dated the date of its issuance, and each such Series B Note issued hereunder shall be endorsed by DWTLC as attorney-in-fact for and on behalf of each limited partner of the Owner. Such execution and such endorsement may be done by or on behalf of any such general partner or on behalf of DWTLC by an officer or other person thereunto duly authorized by such general partner or DWTLC, as the case may be. Any Note may be so executed on behalf of Owner or so endorsed on behalf of DWTLC by a person who, at the actual date of the execution or endorsement of such Note, as the case may be, is an officer or other person thereunto

duly authorized by a general partner of Owner or DWTLC, respectively, although at the nominal date of such Note, such person may not have been such an officer. No Note shall be secured by or entitled to any benefit under this Agreement or be valid or obligatory for any purpose unless there appears thereon a certificate of authentication in the form provided for in Exhibit B-1 or Exhibit B-2 hereof, as the case may be, executed by the Trustee by the manual signature of one of its authorized officers, and such certificate upon any Note shall be conclusive evidence that such Note has been duly authenticated and delivered hereunder.

Section 2.03. Form of Notes. The Series A Notes shall be in substantially the form of Exhibit B-1 hereto and the Series B Notes shall be in substantially the form of Exhibit B-2 hereto.

Section 2.04. Issuance and Terms of Notes.

(a) On each Delivery Date there shall, if required by the applicable Owner's Notice, be issued to the Lender by the Owner a Series A Note which shall be dated such Delivery Date, and be in a principal amount determined as provided in Section 3(a) of the Participation Agreement (or Series A Notes aggregating such principal amount as the Lender may request prior to such Delivery Date).

(b) On each Delivery Date there shall, if required by the applicable Owner's Notice, be issued to the Lender by the Owner a Series B Note which shall be endorsed on behalf of each limited partner of the Owner by DWTLC as attorney-in-fact for and on behalf of each such limited partner, shall have attached to it a schedule listing by name each such limited partner and its proportionate interest in, and obligation with respect to the repayment of, the principal evidenced by such Note, shall be dated such Delivery Date and shall be in a principal amount determined as provided in Section 3(a) of the Participation Agreement (or Series B Notes aggregating such principal amount as the Lender may request prior to such Delivery Date).

(c) Each Note shall bear interest on the principal amount thereof from time to time outstanding from the date thereof until due and payable (whether at the stated maturity thereof, upon acceleration or otherwise), at the rate of 14-1/8% per annum (computed on the basis of a 360-day year of twelve 30-day months). Each such Note shall in addition
(i) be due and payable as to the interest accrued thereon from the date thereof to July 2, 1985 on July 2, 1985;
(ii) be due and payable as to the principal thereof on

July 2, 1985 in an amount, for each \$100,000 of the original principal amount of such Note, determined by multiplying (A) the excess of (x) the Interim Rent then due and payable under the Lease in respect of all Rail Cars the Delivery Date of which corresponds to the date of such Note over (y) the interest then due on such Note and all other Notes dated the same date as such Note plus (if such Note is dated the first Delivery Date) \$6,000, by (B) a fraction of which the numerator is \$100,000 and the denominator is the aggregate principal amount of such Note and all other Notes dated the same date as such Note; and (iii) be due and payable on January 2, 1986 and on each July 2 and January 2 thereafter to and including July 2, 2000 (each such date being herein called an "Installment Payment Date"), in 30 semi-annual installment payments, containing both principal and interest, the amount of the installment payment due on each Installment Payment Date occurring on or prior to July 2, 1990 to be equal to 7.544382% (in the case of any Note issued in calendar year 1984), and 7.545977% (in the case of any Note issued in calendar year 1985), of the excess of (y) the original principal amount of such Note over (z) the amount of the portion of the principal thereof payable thereon as set forth in the immediately preceding clause (ii), and the amount of the installment payment due on each Installment Payment Date occurring subsequent to July 2, 1990 to be equal to 8.852717% (in the case of any Note issued in calendar year 1984), and 8.854765% (in the case of any Note issued in calendar year 1985), of such excess of the amount set forth in the immediately preceding subclause (y) over the amount set forth in the immediately preceding subclause (z); pro-
vided that the final such installment shall only be in an amount sufficient to discharge the accrued interest and prepayment premium, if any, on, and the unpaid principal amount of, such Note. Each such Note shall bear interest at the rate of 15-1/8% per annum (computed on the basis of a 360-day year of twelve 30-day months) on any part of principal and, to the extent permitted by applicable law, interest, not paid when due for any period during which the same shall be overdue.

Section 2.05. Payments on Series A Notes from Collateral Only. All amounts payable under a Series A Note shall be paid only from the property, income and proceeds constituting the Collateral under this Agreement and only to the extent that the Trustee shall have received sufficient income and proceeds from the Collateral to make such payments. Each holder of a Series A Note, by its acceptance of such Note, agrees that it will look solely to the income and proceeds from the Collateral to the extent available for distribution to such holder in accordance with the provisions

of this Agreement and that neither the Owner nor any general or limited partner of the Owner nor the Trustee shall be personally liable to any such holder for any amounts payable under any Series A Note.

Section 2.06. Limited Recourse as to Series B Notes. All amounts payable under a Series B Note shall be paid only (a) from the property, income and proceeds constituting the Collateral under this Agreement and only to the extent that the Trustee shall have received sufficient income and proceeds from the Collateral to make such payments and (b) by the Owner and, with respect to repayment of principal, by each limited partner of the Owner, pursuant to such partner's endorsement of such Note by DWTLC as attorney-in-fact for such partner, severally in proportion to his respective obligation thereunder as set forth in a schedule to such Note. Each holder of a Series B Note, by its acceptance of such Note, agrees that it will look solely to the income and proceeds from the Collateral to the extent available for distribution to such holder in accordance with the provisions of this Agreement and to the Owner and to each such limited partner, to the extent aforesaid, and that no general partner of the Owner nor the Trustee shall be personally liable to any such holder for any amounts payable under any Series B Note. Nothing in this Section 2.06, in the Series B Notes (including the Endorsements thereon), or elsewhere herein or in the other Operative Documents contained shall impose a duty or obligation on the holder or holders from time to time of the Series B Notes (or the Trustee on their behalf), in protecting or enforcing its rights to proceed against Owner or any limited partner of Owner before any part of the Collateral, or against any part of the Collateral before any other part thereof, or to exercise any of its other rights under this Security Agreement, the Series B Notes (or the Endorsements thereon), or any other Operative Document, or otherwise, in any particular order or priority.

Section 2.07. Registration of Notes.

(a) The Notes issuable hereunder shall be in registered form and, in the case of a Series A Note, shall be signed by at least one general partner of the Owner and, in the case of a Series B Note, shall be signed by at least one general partner of the Owner and endorsed on behalf of each limited partner of the Owner by DWTLC as the attorney-in-fact for and on behalf of each such limited partner. The Trustee will keep at the Trustee Office a register for the registration and transfer of Notes (herein called the "Register"). The names and addresses of the holders of the Notes, the

transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

(b) The Trustee is hereby appointed the agent of the Owner and its limited partners for the limited purpose of payment, registration, transfer and exchange of Notes. Subject to the provisions of Section 2.08 hereof, Notes may be presented for payment at, and notices or demands with respect to the Notes or this Security Agreement may be served or made at the Trustee Office. Any such notices or demands shall promptly be delivered by the Trustee to the Owner, in the case of a Series A Note or Series B Note, and to DWTLC, as attorney-in-fact for the obligors thereunder, in the case of a Series B Note; provided that, no failure of the Trustee so to deliver any such notice or demand shall in any manner impair or otherwise affect any obligation of the Owner or any of its partners in respect of the Notes or otherwise under the Operative Documents.

(c) The person in whose name any Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Agreement and the Participation Agreement and neither the obligors thereon nor the Trustee shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the obligors thereon and the Trustee may deem and treat the registered owner of any Note as the owner thereof without production of such Note.

Section 2.08. Method of Payment.

(a) The principal of, and interest on and premium, if any, on the Notes shall be payable at the Trustee Office, in lawful money of the United States of America immediately available at the time of payment. Payment of principal of the Notes shall be made only upon presentation of such Notes to the Trustee for notation thereon of the amount of such payment.

(b) Notwithstanding the foregoing provisions of Section 2.08(a) or any provision in any Note to the contrary, the Trustee will, if so requested by a holder of a Note by written notice, pay all amounts payable by the Trustee hereunder to such holder or a nominee therefor (including all amounts distributed pursuant to Section 5 of this Agreement either (i) by crediting, in immediately available funds, the amount to be distributed to such holder to an account main-

tained by such holder with the Trustee, (ii) by mailing a check payable in immediately available funds to such holder at such address as such holder shall have specified in such notice or (iii) by wire transfer in immediately available funds to such bank (for the account of such holder) as may be specified in such notice, in any case without any presentment or surrender of any Note, provided, however, that each holder of a Note, by its acceptance thereof, agrees that any Note paid or prepaid in full shall be surrendered to the Trustee for cancellation after the making of the final payment on account of such Note upon the written request of the Owner. So long as any signatory to the Participation Agreement (or any nominee of any thereof) shall be a holder of a Note, all payments to it with respect to such Note shall be made in the manner provided in Schedule 1 to the Participation Agreement unless it shall have specified some other manner of payment by notice to the Trustee in accordance with this Section 2.08(b). All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid.

Section 2.09. Transfer or Exchanges of Notes; Mutilated, Destroyed, Lost or Stolen Notes.

(a) The holder of any Note may transfer such Note upon the surrender thereof at the Trustee Office. Thereupon, in the case of each Series A Note, the Owner, and, in the case of each Series B Note, the Owner and DWTLC, as attorney-in-fact for each of the limited partners of the Owner, shall execute in the name of the transferee a new Note or Notes (as requested by such surrendering holder) in denominations not less than \$100,000 (except one Note may be issued in a lesser principal amount if the principal amount of the surrendered Note is less than \$100,000), in aggregate principal amount equal to the unpaid principal amount of, and in the same series as, the Note so surrendered and deliver such new Note or Notes to the Trustee for authentication and delivery to such transferee.

(b) The holder of any Note or Notes may surrender such Note or Notes at the Trustee Office, accompanied by a written request for a new Note or Notes in the same aggregate principal amount as the then unpaid principal amount of the Note or Notes so surrendered and in denominations of \$100,000 (except one Note may be issued in a lesser principal amount if the principal amount of the surrendered Note is less than \$100,000), or such amount in excess thereof as may be specified in such request. Thereupon, the Owner, in the case of a Series A Note, or the Owner and DWTLC, as attorney-in-fact for each of the limited partners of the Owner, in the case of

a Series B Note, shall execute in the name of such holder a new Note or Notes in the denomination or denominations so requested and in aggregate principal amount equal to the aggregate unpaid principal amount of, and in the same series as, the Note or Notes so surrendered and deliver such new Note or Notes to the Trustee for authentication and delivery to such holder.

(c) All Notes presented or surrendered for transfer shall be accompanied (if so required by the Trustee) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Trustee, duly executed by the registered holder or by its attorney duly authorized in writing. The Trustee shall not be required to make a transfer or an exchange of any Note for a period of ten days preceding any installment payment date with respect thereto.

(d) No notarial act shall be necessary for the transfer or exchange of any Note pursuant to this Section 2.09, and the holder of any Note issued as provided in this Section 2.09 shall be entitled to any and all rights and privileges granted under this Security Agreement to a holder of a Note.

(e) In case any Note shall become mutilated or be destroyed, lost or stolen, the Owner, in the case of a Series A Note, and the Owner and DWTLC, as attorney-in-fact for each of the limited partners of the Owner, in the case of a Series B Note, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Trustee and to the Owner and additionally, in the case of a Series B Note to such limited partners, such security or indemnity as may be reasonably required by them, and the applicant shall also furnish to the Owner and to the Trustee evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof, provided, that no such security or indemnity shall be required in respect of a mutilated Note which shall be surrendered to the Trustee. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Owner, in the case of a Series A Note, and the Owner and DWTLC, as attorney-in-fact for each of the limited partners of the Owner, in the case of a Series B Note, may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Trustee and to the Owner and addition-

ally, in the case of a Series B Note to such limited partners, such security or indemnity as may be reasonably required by them, and shall furnish evidence to the satisfaction of the Owner and the Trustee of the mutilation, destruction, loss or theft of such Note and of the ownership thereof. If the Lender, or any other institutional investor of recognized standing shall be the person requesting the issuance of a substitute or replacement Note or Notes hereunder, the written statement of the Lender, or such other institutional investor, as the case may be, setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and delivery of a new Note other than the written agreement of such Lender or other institutional investor, as the case may be, to indemnify the Trustee and the Owner and additionally, in the case of a Series B Note, its limited partners (including their attorneys' fees) for any claims or action against them resulting from the reappearance of the old Note.

(f) Each new Note (herein, in this Section 2.08, called a "New Note") issued pursuant to this Section 2.09 in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 2.09, called an "Old Note") shall be dated the date of such Old Note and each such New Note shall be in registered form. The Trustee shall mark on each New Note (x) the dates to which principal and interest have been paid on such Old Note, (y) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (z) the amount of each installment payment payable on such New Note. Each installment of principal payable on any date on each New Note issued in exchange for any one Old Note shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original aggregate principal amount of all such New Notes issued in exchange for such Old Note. Interest shall be deemed to have been paid on each such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (y) above, shall be deemed to have been made thereon.

(g) Upon the issuance of a New Note pursuant to this Section 2.09, the Owner or its partners may require the payment of a sum to reimburse them for, or to provide them with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by such the Owner or such partners.

(h) All New Notes issued pursuant to this Section 2.09 in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the obligors thereof evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.

(i) Upon the issuance of any Note pursuant to this Section 2, the Owner shall prepare and deliver to the Trustee an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment. The Trustee shall deliver, or send by first-class mail, postage prepaid, one copy of the applicable schedule to the holder of such Note at its address set forth in the Register.

(j) All Notes surrendered to the Owner for the purpose of payment, redemption, transfer or exchange shall be delivered by it to the Trustee for cancellation or, if surrendered to the Trustee, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement. The Trustee shall deliver a certificate to the Owner specifying any cancellation of Notes which has been made, and all such cancelled Notes shall be delivered to or disposed of as directed by the Owner.

Section 2.10. Application of Payments. Subject in any event to the provisions of Section 5 hereof each payment on account of any outstanding Note shall be allocated first to the payment of accrued but unpaid interest on such Note, second to the reduction of the outstanding principal amount of such Note then due plus premium, if any, on such Note, and third, the balance, to the extent such Note shall at the time be permitted to be prepaid pursuant to this Security Agreement, to the payment of the unpaid principal amount of such Note.

Section 2.11. Prepayment of Notes. The Notes are not subject to prepayment or redemption, in whole or in part, directly or indirectly, except to the extent and in the manner expressly required or permitted therein or by the further provisions of this Section 2.11.

(a) Required Prepayment Following Casualty Occurrence. If a Casualty Occurrence shall occur with respect to any Rail Car the Owner will prepay or cause to be prepaid a percentage of the principal amount of the Notes

then outstanding in the manner, at a price and as otherwise provided in clause "Second" of Section 5.03 hereof.

(b) Prepayment Upon Certain Terminations of Lease. In the event that the Lessee shall exercise its right pursuant to Section 8.8 of the Lease to terminate the Lease with respect to any Rail Car, then the Owner will prepay or cause to be prepaid a percentage of the principal amount of the Notes then outstanding in the manner, at a price and as otherwise provided in clause "Second" of Section 5.02 hereof, provided that, the Owner shall not be required to prepay the Notes pursuant to this Section 2.11(b) if the Lessee shall, as and to the extent permitted by said Section 8.8, revoke its election so to terminate the Lease in respect of such Rail Car.

(c) Notice of Prepayment. The Owner shall give or cause to be given to the Trustee and each holder of any Note notice of any prepayment pursuant to this Section 2.11 not less than 30 nor more than 60 days prior to the date fixed for such prepayment, which notice shall specify (i) the date fixed for such prepayment, (ii) the specific subsection of this Section 2.11 pursuant to which such prepayment is to be made, (iii) the principal amount of Notes to be prepaid on such date, and (iv) accrued interest and premium, if any, to be payable on such date of prepayment with respect to the Notes held by such holder.

(d) Maturity of Prepayments. In the case of each prepayment of the Notes, the unpaid principal amount of each Note to be prepaid shall become due and payable (except as otherwise provided in Section 2.11(b)) on the date fixed for such prepayment in accordance with the applicable provisions of this Security Agreement, together with interest accrued thereon to such date.

(e) Cancellation of Notes; No Reissue. If any Note is paid or prepaid in full, it shall be surrendered to the Trustee to be forwarded to the Owner. The Owner shall cancel any such surrendered Note and shall not thereafter reissue such Note or any Note in lieu thereof.

(f) Application of Partial Prepayments. In the case of any prepayment pursuant to Section 2.11(a) or (b) of less than the entire unpaid principal amount of all outstanding Notes, the amount prepaid shall be applied pro rata to all outstanding Notes according to the respective unpaid principal amounts thereof. The remaining semi-annual payments of principal on any Note which has been partially prepaid pursuant to Section 2.11(a) or (b) shall each be reduced

by a fraction of such semi-annual payment, the numerator of which fraction shall be the amount of such prepayment of principal of such Note and the denominator of which fraction shall be the unpaid principal of such Note immediately prior to such prepayment.

(g) Interest After Date Fixed for Prepayment. Any Note or portion thereof called for prepayment as herein provided shall cease to bear interest on and after the date fixed for such prepayment, unless the Owner shall fail to make such prepayment on such date on such Note or portion thereof, as the case may be, in which event such Note or such portion, as the case may be, shall bear interest thereafter, payable on demand, until paid, at a rate equal to the rate specified in such Note for overdue payments.

SECTION 3. COVENANTS AND WARRANTIES OF THE OWNER

The Owner covenants, warrants and agrees as follows:

Section 3.01. Owner's Duties. The Owner covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Lease and the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Lease or the Participation Agreement were fully set out in an amendment or supplement to this Agreement. The Owner undertakes to perform only such duties as are expressly and specifically set forth herein and in the Lease and the Participation Agreement and no implied obligations or covenants shall be read into this Agreement, the Lease or the Participation Agreement against the Owner.

Section 3.02. Warranty of Title. The Owner has the right, power and authority to grant a security interest in the Collateral to the Trustee for the uses and purposes herein set forth. The Owner also agrees that it will, at its own cost and expense, promptly take such action as may be necessary duly to discharge any Lessor's Liens on the Collateral. Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Owner is named and which the Owner has signed, as debtor or mortgagor, now on file in any public office covering any of

the Collateral excepting the financing statements filed or to be filed in respect of and for the security interest provided for herein and the filing of this Agreement and each Security Agreement Supplement and the Lease and each Lease Supplement with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

Section 3.03. Further Assurances. The Owner will, at no expense to the Trustee, do, execute, acknowledge and deliver all and every further act, deed, conveyance, transfer and assurance necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Owner covenants and agrees that it will notify the Lessee of such assignment and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease other than those sums constituting Excepted Rights in Collateral directly to the Trustee or as the Trustee may direct.

Section 3.04. After-Acquired Property. Any and all property described or referred to as Collateral in the Granting Clause hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Owner or the Trustee, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 3.04 contained shall be deemed to modify or change the obligation of the Owner under Section 3.03 hereof.

Section 3.05. Recordation and Filing. The Owner will cause this Agreement and all Security Agreement Supplements hereto, the Lease and all Lease Supplements, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Trustee or the holders of the Notes in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Trustee hereunder, and will at no expense to the Trustee furnish to the Trustee promptly after the execution and delivery of this Agreement and of each such Supplement an opinion of counsel stating that in the opinion of such counsel this Agreement or such Supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

Section 3.06. Modifications of the Lease. The Owner will not, without the prior written consent of the Trustee and the holders of the Notes:

(a) declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except that the Owner may modify any Excepted Rights in Collateral, provided that no such modification shall be effective to in any way impair, or diminish the lien of this Security Agreement on the the Collateral or to impair or diminish the rights of the Trustee and the holders of the Notes in respect thereof) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the Lease or any part thereof except pursuant to this Security Agreement and except with respect to Excepted Rights in Collateral; or

(b) receive or collect any rental payment under the Lease (except any constituting Excepted Rights in Collateral) prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Trustee hereunder) any rent payment (except any constituting Excepted Rights in Collateral) then due or to accrue in the future under the Lease; provided, that the Owner shall not be in violation of this clause (b), or incur any liability due to, any receipt or collection of rentals by the Trustee or its successors or assigns in accordance with the assignment provided for herein; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Trustee hereunder) its interest in the Equipment or any part thereof or in any amount (except any constituting Excepted Rights in Collateral) to be received by it from the use or disposition of the Equipment.

Section 3.07. Power of Attorney in Respect of the Lease. The Owner does hereby irrevocably constitute and appoint the Trustee its true and lawful attorney with full power of substitution for it and in its name, place and stead to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned hereunder with full power to settle, adjust or compromise any claim thereunder as fully as the Owner could itself do, and to endorse the name of the Owner on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Owner or otherwise, which the Trustee

may deem necessary or appropriate to protect and preserve the right, title and interest of the Trustee in and to such rents and other sums and the security intended to be afforded hereby. The Trustee shall defend, indemnify and save harmless the Owner, its successors, agents and assigns from and against any claim, cause of action, damage, liability, cost or expense (including, without limitation, attorneys' fees and costs in connection therewith) incurred as a result of any action taken by the Trustee under this Section 3.07 which results from the gross negligence or wilful misconduct of the Trustee; provided that, neither any failure of the Trustee so to defend, indemnify or save harmless the Owner, its successors, agents or assigns, nor the taking of any such action by the Trustee, shall in any manner diminish or release the Owner from the performance and observance of any of the Owner's duties and obligations under this Security Agreement or impair the lien of this Security Agreement in and to the Collateral.

SECTION 4. POSSESSION, USE AND RELEASE OF PROPERTY

Section 4.01. Possession of Collateral. So long as no Security Agreement Event of Default has occurred and is continuing, the Owner shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 4.01. This Agreement is entered into with the expectation that the Equipment shall be leased to the Lessee under the Lease and that all use of the Equipment permitted thereby is authorized hereunder.

Section 4.02. Release of Property. So long as no Event of Default or Default has occurred and is continuing, the Trustee shall execute a release in respect of any Rail Car designated by the Lessee for settlement pursuant to § 8 of the Lease upon receipt from the Lessee of written notice designating the Rail Car in respect of which the Lease will terminate and the receipt from the Lessee of the applicable payment for such Rail Car in compliance with § 8 of the Lease including, without limitation, all amounts of interim, basic and supplemental rent due in respect of such Rail Car on or prior to the applicable Termination Date under the Lease.

Section 4.03. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder by the Trustee shall be bound to ascertain the authority of the Trustee to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any Rail Car be under any obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 5. RECEIPT, DISTRIBUTION AND APPLICATION
OF INCOME FROM THE COLLATERAL

Section 5.01. Rent Distribution.

(a) Interim and Basic Rent Distribution. Except as otherwise provided in Section 5.04 hereof, each installment of Interim Rent and Basic Rent, as well as any payment of interest on overdue installments of Interim Rent and Basic Rent, received by the Trustee shall be distributed by the Trustee on the date such payment is received (subject to timely receipt thereof by the Trustee) in the following order of priority:

First, so much of such amounts as shall be required to pay in full the aggregate principal and accrued interest (as well as any interest on overdue principal and, to the extent permitted by law, interest) then due and payable under the Notes shall be distributed to the holders of such Notes ratably, without priority of one over the other, in the proportion that the amount of such payment then due and payable under each such Note bears to the aggregate amount of the payment then due and payable under all such Notes; and

Second, the balance, if any, of such amounts remaining shall be distributed to the Owner.

(b) Application of Other Amounts Held by Trustee Upon Rent Default. If as a result of any failure by the Lessee to pay Interim Rent or Basic Rent in full on any date when an installment thereof is due, or for any other reason, there shall not have been distributed on any date (or within any applicable period of grace), pursuant to Section 5.01(a) hereof, the full amount then distributable pursuant to clause "First" of Section 5.01(a) hereof, the Trustee shall, if so requested by a Majority in Interest of Note Holders, distribute other payments of the character referred to in Section 5.06 hereof then held by it or thereafter received by it, except as otherwise provided in Section 5.04 hereof, to the holders of all Notes to the extent necessary to enable it to

make all the distributions then due pursuant to such clause "First".

(c) Retention of Amounts by Trustee. If at the time of receipt by the Trustee of an installment of Interim Rent or Basic Rent (whether or not then overdue) or of payment of interest on any overdue installment of Interim Rent or Basic Rent, there shall have occurred and be continuing a Security Agreement Default or a Security Agreement Event of Default, the Trustee shall retain such installment of Interim Rent or Basic Rent or payment of interest (to the extent not then required to be distributed pursuant to clause "First" of Section 5.01(a) hereof) and shall not distribute any such payment of Interim Rent or Basic Rent or interest pursuant to clause "Second" of Section 5.01(a) hereof until such time as there shall not be continuing any Security Agreement Default or Security Agreement Event of Default or until such time as the Trustee shall have received written instructions from a Majority in Interest of Note Holders to make such a distribution.

Section 5.02. Payments Following Termination. Except as otherwise provided in Section 5.04 hereof, any payment and other sums, including sale proceeds, received by the Trustee as a result of a termination referred to in § 8.8 of the Lease as provided in the Lease shall be distributed forthwith upon receipt by the Trustee in the following order of priority:

First, so much of such amounts as shall be required to reimburse the Trustee for any expenses or indemnities incurred by the Trustee and not theretofore reimbursed in connection with the collection or distribution of such payment shall be distributed to the Trustee for application to itself;

Second, so much of such amounts as shall be required to pay a portion, determined as hereinbelow provided, of the aggregate unpaid principal amount of all Notes then outstanding, plus the accrued but unpaid interest on such portion to the date of distribution, shall be distributed to the holders of such Notes and, for purposes hereof, the portion of the unpaid principal amount of each such Note to be so prepaid shall equal the product determined by multiplying the total unpaid principal amount of each such Note immediately prior to such prepayment by a fraction, the numerator of which shall be the aggregate Purchase Price of the Rail Car or Cars to which such termination relates and the denominator of which shall be the aggregate Purchase Price of all Rail Cars theretofore purchased under the

Participation Agreement by the Owner (including those which may theretofore have been the subject of such a termination), and in addition there shall be paid as a premium in respect of each such Note an amount equal to the following percentages of the portion of the unpaid principal amount of each such Note then being so prepaid:

<u>If Prepaid During the Period Beginning January 2 in the Following Year and Ending on the Succeeding January 1</u>	<u>Applicable Premium</u>
1990	10%
1991	9%
1992	8%
1993	7%
1994	6%
1995	5%
1996	4%
1997	3%
1998	2%
1999	1%
2000	-0-;

Third, in the manner provided in clause Second of Section 5.04; and

Fourth, the balance, if any, of such amounts remaining shall be distributed to the Owner.

Section 5.03. Payments Following Casualty Occurrence. Except as otherwise provided in Section 5.04 hereof, any payment received by the Trustee as a result of any Rail Car suffering a Casualty Occurrence under § 8.1 of the Lease, including insurance proceeds and all requisition and condemnation amounts received from any governmental authority, shall be distributed forthwith upon receipt by the Trustee in the following order of priority:

First, so much of such payment as shall be required to reimburse the Trustee for any expenses or indemnities incurred by the Trustee and not theretofore reimbursed in connection with the collection or distribution of such payment shall be distributed to the Trustee for application to itself;

Second, so much of such payment as shall be required to prepay a portion, determined as hereinbelow pro-

vided, of the unpaid principal amount of all Notes then outstanding, plus the accrued but unpaid interest on such portion to the date of distribution, but without premium, shall be distributed to the holders of such Notes, and, for purposes hereof, the portion of the unpaid principal amount of each such Note to be so prepaid shall equal the product determined by multiplying the total unpaid principal amount of each such Note immediately prior to such prepayment by a fraction, the numerator of which shall be the aggregate Purchase Price of the Rail Car or Cars suffering such Casualty Occurrence and the denominator of which shall be the aggregate Purchase Price of all Rail Cars theretofore purchased under the Participation Agreement by the Owner (including those which may theretofore have suffered a Casualty Occurrence);

Third, in the manner provided in clause Second of Section 5.04; and

Fourth, the balance, if any, of such payment remaining shall be distributed to the Owner.

Section 5.04. Payments after Security Agreement Event of Default. All payments, except those constituting Excepted Rights in Collateral, received and all amounts held or realized by the Trustee after a Security Agreement Event of Default shall have occurred and be continuing (including any amounts realized by the Trustee from the exercise of any remedies pursuant to § 14 of the Lease or from the application of Section 6 hereof) and after either (a) the Trustee has declared the Lease to be in default pursuant to § 14 thereof or (b) the Notes shall have become due and payable pursuant to Section 6.02 hereof, and all payments or amounts then held or thereafter received by the Trustee hereunder or under the Participation Agreement (except those constituting Excepted Rights in Collateral), shall, so long as such declaration shall not have been rescinded or cured pursuant to Section 6.03 hereof, be distributed forthwith by the Trustee in the following order of priority:

First, so much of such payments or amounts as shall be required to reimburse the Trustee for any unpaid fees for its services under this Agreement and any expense (including any legal fees and disbursements), liability or loss incurred by it (to the extent incurred in connection with its duties as Trustee and to the extent reimbursable and not previously reimbursed by the Lessee) shall be distributed to the Trustee for application to itself;

Second, so much of such payments and amounts as shall be required to pay the then existing or prior holders of the Notes all amounts then payable to them under indemnification provisions of the Lease or any other Operative Document or as shall be required to reimburse any such holders for indemnity obligations incurred by them pursuant hereto to the Trustee, shall be distributed to the then existing holders of Notes entitled (directly or through the predecessor holder or holders thereof) to payment under such provisions, ratably to each such holder, without priority of one such holder over the other, in the proportion that the amount of such payments to which each such holder is entitled bears to the aggregate amount of such payments to which all such holders are entitled;

Third, so much of such payments and amounts as shall be required to pay in full the aggregate unpaid principal amount of all Series B Notes then outstanding, plus all accrued but unpaid interest thereon to the date of distribution (including interest on overdue principal and, to the extent permitted by law, interest), shall be distributed to the holders of such Notes ratably, without priority of one over the other, in the proportion that the sum of the aggregate unpaid principal amount of all such Notes held by each such holder, plus accrued but unpaid interest thereon, bears to the sum of the aggregate unpaid principal amount of all such Notes held by all such holders, plus accrued but unpaid interest thereon;

Fourth, so much of such payments and amounts as shall be required to pay in full the aggregate unpaid principal amount of all Series A Notes then outstanding, plus all accrued but unpaid interest thereon to the date of distribution (including interest on overdue principal and, to the extent permitted by law, interest), shall be distributed to the holders of such Notes ratably, without priority of one over the other, in the proportion that the sum of the aggregate unpaid principal amount of all such Notes held by each such holder, plus accrued but unpaid interest thereon, bears to the sum of the aggregate unpaid principal amount of all such Notes held by all such holders, plus accrued but unpaid interest thereon; and

Fifth, the balance, if any, of such payments and amounts remaining shall be distributed to the Owner.

Section 5.05. Investment of Certain Moneys Held by the Trustee. The Trustee will invest and reinvest any moneys held by the Trustee pursuant to Section 5.01(c), 5.06 or 5.07 hereof in securities described in clause (ii) of the defini-

tion of Permitted Investments, provided that, at the written request of the Owner or the Lessee accompanied (in either case) by an instrument satisfactory to the Trustee setting forth the agreement of the Lessee to be liable for and pay to the Trustee on demand amounts equal to any expense or loss (including any loss on such investment) incurred in connection with any investment of funds pursuant to this proviso, the Trustee will invest and reinvest moneys held by the Trustee pursuant to any of said Sections in any other Permitted Investments. The proceeds received upon the sale or at maturity of any Permitted Investment and any interest received on such Permitted Investment and any payment in respect of a deficiency contemplated by the following sentence shall be held and applied by the Trustee in the same manner as the moneys used to make such Permitted Investment, and any Permitted Investment may be sold (without regard to maturity date) by the Trustee whenever necessary to make any payment, prepayment or distribution required by this Section 5.

Section 5.06. Application of Certain Payments Pursuant to Lease or Participation Agreement. Except as otherwise provided in Sections 5.01(b), 5.01(c) and 5.04 hereof, and except for any payments constituting Excepted Rights in Collateral, any payment received by the Trustee for which provision as to the application thereof is made in the Lease or the Participation Agreement but not elsewhere in this Security Agreement shall, unless a Security Agreement Default or a Security Agreement Event of Default shall have occurred and be continuing, be applied forthwith to the purpose for which such payment was made in accordance with the terms of the Lease or the Participation Agreement, as the case may be. If at the time of the receipt by the Trustee of any payment referred to in the preceding sentence there shall have occurred and be continuing a Security Agreement Default or a Security Agreement Event of Default, the Trustee shall hold such payment as part of the Collateral, but, subject to the provisions of Sections 5.01 and 5.04, the Trustee shall cease so to hold such payment and shall apply such payment to the purpose for which it was made in accordance with the terms of the Lease or the Participation Agreement, as the case may be, if there is no longer continuing any Security Agreement Default or Security Agreement Event of Default; provided that any such payment received by the Trustee as assignee of the Owner which is payable to the Lessee shall not be so held by the Trustee unless such payment may be withheld from the Lessee pursuant to the Lease because of an Event of Default or Default thereunder, in which case such payment shall be held by the Trustee (as assignee of the Owner) and applied as provided in the Lease.

Section 5.07. Other Payments. Except as otherwise provided in Sections 5.04 and 5.06 hereof:

(a) any payment, except any payment constituting Excepted Rights in Collateral, received by the Trustee for which no provision as to the application thereof is made in the Participation Agreement, the Lease or elsewhere in this Section 5 shall be held by the Trustee as part of the Collateral; and

(b) all payments received and amounts realized by the Trustee under the Lease or otherwise with respect to the Collateral (including, without limitation, all amounts realized upon the sale or lease of the Collateral after the termination of the Lease), to the extent received or realized at any time after payment in full of the principal of and interest on all Notes and all other amounts due the Trustee and the holders of the Notes hereunder or under any of the other Operative Documents, as well as any other amounts remaining as part of the Collateral after such payment in full, shall be distributed forthwith by the Trustee in the order of priority set forth in Section 5.04 hereof, omitting clauses "Third" and "Fourth" thereof.

Section 5.08. Distributions to Owner. Unless otherwise directed in writing by the Owner, all amounts from time to time distributable by the Trustee to the Owner in accordance with the provisions hereof shall be paid by the Trustee to the Owner in immediately available funds (subject to the timely receipt of such amounts by the Trustee) in the manner specified in the Participation Agreement. Any distribution made in accordance with this Agreement to the Owner shall be final and neither the Trustee nor any holder of a Note shall attempt to recover any such distribution (except for any such distribution made in manifest error) for any reason but nothing contained in this sentence shall be construed to limit the right of the Trustee or any such holder to make any claim it may have against the Owner or to pursue any such claim in such court as the Trustee or any such holder shall deem appropriate. Notwithstanding anything to the contrary contained in this Agreement, the Trustee shall, promptly upon receipt, pay over to the Owner any and all amounts received by it at any time, whether or not a Security Agreement Default or a Security Agreement Event of Default shall have occurred and be continuing, to the extent such amounts constitute Excepted Rights in Collateral.

Section 5.09. Application of Loan Proceeds. The Trustee shall, on each Delivery Date, promptly disburse to

the Lessee all proceeds (if any) received by it from the issuance and sale by the Owner of the Notes on such Delivery Date, all in accordance with the provisions of Section 4 of the Participation Agreement.

SECTION 6. DEFAULTS; REMEDIES OF TRUSTEE

Section 6.01. Occurrence of Security Agreement Event of Default. Any one of the following events or conditions (whatever the reason therefor and whether voluntary or involuntary) shall constitute a Security Agreement Event of Default:

- (a) any Event of Default; or
- (b) any failure to pay when due any principal of, premium (if any) or interest on any Note for a period of 10 days; provided, however, that receipt by the Trustee in timely fashion of the full amount of Interim Rent or Basic Rent from the Lessee shall be deemed to constitute payment of all principal of, premium (if any) and interest on the Notes then due and payable; or
- (c) any representation or warranty made by or on behalf of the Owner or any general partner of Owner or either General Partner Parent herein or in any Operative Document or in any document or certificate furnished to the Trustee, the Lender or any Holder of a Note in connection herewith or therewith or pursuant hereto or thereto shall be incorrect when made in any material respect and shall remain material in such respect at the time in question and remain uncured; or
- (d) any failure by the Owner to perform or observe any covenant, condition or agreement to be performed or observed by it pursuant to Section 10(a), (b), (c) or (d) of the Participation Agreement or any failure by any general partner of the Owner to perform any covenant, condition or agreement to be performed or observed by it pursuant to Section 10(f) of the Participation Agreement; or
- (e) any failure by the Owner or any general partner of Owner to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder or under any other Operative Document (other than a failure referred to in clause (b) or (d) above) if such failure shall continue unremedied for a period of 30 days following the receipt by the Owner of notice thereof; or

(f) any failure by the DWTLC Affiliate to perform or observe any covenant, condition or agreement to be performed or observed by it under the Undertaking if such failure shall continue unremedied for a period of 30 days following the earlier of (i) receipt by the DWTLC Affiliate of notice thereof and (ii) the date on which such failure shall first become known to any responsible officer of the DWTLC Affiliate;

(g) if the Owner shall (i) generally not be paying its debts as they become due, (ii) file, or consent by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (iii) make an assignment for the benefit of its creditors, (iv) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers, of itself or of any substantial part of its property, (v) be adjudicated a bankrupt or insolvent, or (vi) take corporate action for the purpose or in furtherance of any of the foregoing; or

(h) if a court or governmental authority of competent jurisdiction shall enter an order appointing a custodian, receiver, trustee or other officer with similar powers with respect to the Owner, or with respect to any substantial part of its property, or constituting an order for relief, or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation, or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering its dissolution, winding-up or liquidation, in each case without the consent of the Owner and such order shall not have been stayed or dismissed within 60 days; or

(i) if a General Partner Bankruptcy shall occur and, as a result thereof, (i) the Owner shall be dissolved or terminated, (ii) the Owner shall cease to own the legal title to any Rail Car, (iii) any amount assigned to the Trustee, including, without limitation, any amount of rent payable under the Lease, shall cease to be paid to the Trustee or shall be required to be refunded or disgorged by the Trustee or the holder of any Note, or (iv) any custodian, receiver, trustee or other officer with similar powers shall have the right to sell any portion of the Collateral.

Section 6.02. Action Upon Event of Default. At any time after a Security Agreement Event of Default referred

to in Section 6.01(a) shall have occurred and be continuing and after the Lease shall have been declared in default by the Trustee (as assignee of the Owner pursuant to § 14 thereof), then and in every such case the Trustee, as assignee hereunder or otherwise, may, and when required pursuant to the provisions of Section 7 hereof shall, subject to Section 6.03 hereof, exercise any of or all the rights and powers and pursue any of or all the remedies under § 14 of the Lease and this Section 6, take possession of all or any part of the Collateral and exclude the Owner and the Lessee and all persons claiming under either of them wholly or partly therefrom. In the event the Trustee shall at any time declare the Lease to be in default pursuant to § 14 thereof, the unpaid principal amount of all Notes then outstanding, together with all accrued but unpaid interest thereon, shall immediately become due and payable without further act or notice of any kind.

Section 6.03. Right To Cure Certain Events of Default.

(a) If the Lessee shall fail to make any payment of Interim Rent or Basic Rent when the same shall have become due, and if such failure of the Lessee to make such payment of Interim Rent or Basic Rent shall not constitute the fifth or subsequent consecutive failure or the seventh or subsequent cumulative failure (including, without limitation, in each such case, all such failures which the Owner shall have cured pursuant to § 20 of the Lease, and all failures to make any payment of the principal, premium (if any) and interest at any time due on the Notes which shall have been cured in whole or in part by a payment under the Endorsements by the limited partners of Owner), then as long as no other Security Agreement Event of Default shall have occurred and be continuing (other than a Security Agreement Event of Default referred to in Section 6.03(b) which is concurrently being cured as provided therein) the Owner may (but need not) pay to the Trustee, at any time prior to the expiration of 5 days after the Owner shall have received notice or have actual knowledge of the failure of the Lessee to have made such payment of Interim Rent or Basic Rent, an amount equal to the amount of the principal of, premium (if any) and interest due on the Notes on or prior to such date, together with any interest due thereon on account of the delayed payment thereof, and such payment by the Owner shall be deemed to cure any Security Agreement Event of Default which arose or would have arisen from such failure of the Lessee to pay such Interim Rent or Basic Rent.

(b) If the Lessee shall fail to make any payment of Supplemental Rent (for insurance or maintenance or to remove a Lien or otherwise) when the same shall become due or otherwise fail to perform any obligation under the Lease or the Participation Agreement which is by its nature susceptible of cure by a party other than the Lessee, then so long as no other Security Agreement Event of Default shall have occurred and be continuing (other than a Security Agreement Event of Default which is concurrently being cured as provided in this Section 6.03), the Owner may (but need not) make such payment or perform such obligation at any time prior to the expiration of 20 days after the Owner shall have received notice or have actual knowledge of such failure, and such payment or performance by the Owner shall be deemed to have cured any Security Agreement Event of Default which arose or would have arisen from such failure of the Lessee.

(c) No Impairment of Collateral; Subrogation. Neither the Owner, upon exercising any of its rights under Section 6.03(a) or (b) hereof, nor any limited partner of Owner, upon the making by such limited partner of any payment on any Endorsement, shall obtain any Lien on the Equipment or any part thereof or any other part of the Collateral on account of such payment or (in the case of the Owner) performance or the costs and expenses incurred in connection therewith, nor shall any claims of the Owner or any such limited partner against the Lessee or any other party for the repayment thereof impair the prior right and security interest of the Trustee in and to the Collateral. However, upon such payment or performance by the Owner, or payment by limited partners of the Owner, if no Security Agreement Default or Security Agreement Event of Default shall have occurred and be continuing, and if all principal, premium (if any) and interest due on the Notes shall have been paid, the Owner or such limited partners, as the case may be, shall be entitled to receive the amount of Interim Rent, Basic Rent or Supplemental Rent, as the case may be, in respect of which such payments shall have been made, together with interest thereon from the Lessee or, if paid to the Trustee, from the Trustee. If the Trustee or the Owner shall receive such payment at a time when a Security Agreement Default or Security Agreement Event of Default shall have occurred and be continuing, the amount thereof (except to the extent that such payment shall constitute Excepted Rights in Collateral) shall be retained by or turned over to the Trustee which, notwithstanding the requirements of clause "Second" of Section 5.01(a), shall hold such amounts as part of the Collateral.

Section 6.04. Action Upon Default Not a Lease Event of Default. If a Security Agreement Event of Default other than an Event of Default shall have occurred and be continuing, the Trustee or a Majority in Interest of Note Holders may declare the principal of all the Notes then outstanding to be due and payable immediately by giving written notice to the Owner (and, if such notice be given by the holders of the Notes, to the Trustee) and upon any such declaration of acceleration, such principal and accrued interest thereon shall become due and payable immediately without further act or notice of any kind. Upon such declaration, the Trustee, as assignee hereunder or otherwise, may, and when required pursuant to Section 7 shall, exercise any or all of the rights and powers and pursue any and all of the remedies permitted by this Section 6, and may take possession of all or any part of the Collateral and may exclude the Owner and all persons claiming under or through the Owner wholly or partly therefrom, provided that, the assignments and security interests created hereby shall not be foreclosed or otherwise enforced in a manner which would violate or interfere with the rights of the Lessee as provided in Section 6.08.

Section 6.05. Cure of Defaults. If at any time after the outstanding principal amount of the Notes shall have become due and payable by acceleration pursuant to Section 6.02 or 6.04 hereof and prior to the entry of a judgment or decree for any amounts so becoming due and payable, (a) all amounts of principal, premium (if any) and interest which are then due and payable in respect of all the Notes otherwise than pursuant to Section 6.02 or 6.04 hereof shall have been paid in full, together with interest on all such overdue principal and (to the extent permitted by applicable law) interest at the rate specified in the Notes and an amount sufficient to cover all costs and expenses of collection incurred by or on behalf of the holders of the Notes (including, without limitation, counsel fees and expenses and all expenses and reasonable compensation of the Trustee) and (b) every other Security Agreement Default and Security Agreement Event of Default shall have been remedied, then a Majority in Interest of Note Holders may, by written notice or notices to the Owner, the Trustee and the Lessee, rescind and annul such acceleration and any related declaration of default under the Lease, and their respective consequences, but no such rescission and annulment shall extend to or affect any subsequent Security Agreement Default or Security Agreement Event of Default or impair any right consequent thereon, and no such rescission and annulment shall require any holder of a Note to repay any principal or interest actually paid as a result of such acceleration.

Section 6.06. Remedies.

(a) The Owner agrees, to the full extent that it lawfully may, that, if one or more Security Agreement Events of Default shall have occurred and be continuing and if either the Lease shall have been declared in default pursuant to § 14 thereof or the maturity of the unpaid principal amount of Notes shall have been accelerated pursuant to Section 6.04 hereof, then, and in every such case, the Trustee, as assignee hereunder or otherwise, may exercise any or all of the rights and powers and pursue any or all of the remedies pursuant to this Section 6 or available to a secured party under the Uniform Commercial Code or any other provision of law of any jurisdiction and in addition may sell, assign, transfer and deliver, from time to time to the extent permitted by law, all or any part of the Collateral or any interest therein, at any private sale or public auction with or without demand, advertisement or notice (except as herein required or as may be required by law) of the date, time and place of sale and any adjournment thereof, for cash or credit or other property, for immediate or future delivery and for such price or prices and on such terms as the Trustee, in its uncontrolled discretion, may determine, or as may be required by law. It is agreed that 10 days' notice to the Owner and the Lessee of the date, time and place (and terms, in the case of a private sale) of any proposed sale by the Trustee of all or any part of the Collateral or interest thereon is reasonable. In the event such Security Agreement Event of Default is an Event of Default, the Trustee may, as assignee hereunder or otherwise, exercise any and all of the remedies pursuant to § 14 of the Lease.

(b) If the Lease shall have been declared in default pursuant to § 14 or if the Trustee shall have declared the Notes to be accelerated pursuant to Section 6.04 hereof, and if the Owner shall irrevocably tender to the Trustee full payment of the total unpaid principal amount of all the Notes then outstanding and premium (if any) due thereon, together with interest thereon accrued and unpaid and all other amounts due under the Notes, this Agreement and the Participation Agreement, then in such event the absolute right to the possession of, title to and property in the Collateral (to the extent not theretofore sold or otherwise disposed of by the Trustee pursuant to this Section 6) shall pass to and vest in the Owner and such payment shall be applied as provided in Section 5.04 hereof. Nothing in this paragraph shall be deemed to (i) in any manner or in any respect limit, condition or impair any remedy available as herein provided to the Trustee or the holders of the Notes or (ii) preclude the Owner from purchasing, to the extent per-

mitted by the Participation Agreement, the Notes from the holders thereof at such price or prices as they shall agree to.

Section 6.07. Return of Collateral, etc. (a) At the request of the Trustee, the Owner shall promptly execute and deliver to the Trustee such instruments of title and other documents as the Trustee may deem necessary or advisable to enable the Trustee or an agent or representative designated by the Trustee, at such time or times and place or places as the Trustee may specify, to obtain possession of all or any part of the Collateral to the possession of which the Trustee shall at the time be entitled hereunder. If the Owner shall for any reason fail to execute and deliver such instruments and documents after such request by the Trustee, the Trustee may (i) obtain a judgment conferring on the Trustee the right to immediate possession and requiring the Owner to execute and deliver such instruments and documents to the Trustee, to the entry of which judgment the Owner hereby specifically consents, and (ii) pursue all or part of such Collateral wherever it may be found and enter any of the premises wherever such Collateral may be or be supposed to be and search for such Collateral and take possession of and remove such Collateral.

(b) Upon every such taking of possession, the Trustee may, from time to time, as a charge against proceeds of the Collateral, make all such expenditures with respect to the Collateral as it may deem proper. In each such case, the Trustee shall have the right (the exercise of which shall be subject to the receipt of direction of holders of the Notes as and to the extent set forth in Section 7) to deal with the Collateral and to carry on the business and exercise all rights and powers of the Owner relating to the Collateral, as the Trustee shall deem best, including the right to enter into any and all such agreements with respect to the Collateral or any part thereof as the Trustee may determine; and the Trustee shall be entitled to collect and receive all rents, revenues, issues, income, products and profits of the Collateral and every part thereof (without prejudice to the right of the Trustee under any provision of this Agreement to collect and receive all cash held by, or required to be deposited with, the Trustee hereunder) and to apply the same to the costs and expenses of managing and otherwise dealing with the Collateral and of conducting the business thereof, and of all expenditures with respect to the Collateral and the making of all payments which the Trustee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof (including the employment of engineers and account-

ants to examine, inspect and make reports upon the properties and books and records of the Owner relating to the Collateral), or under any provision of this Agreement, as well as just and reasonable compensation for the services of the Trustee and of all persons properly engaged and employed by the Trustee.

Section 6.08. Remedies Cumulative; Discontinuance. Each and every right, power and remedy herein specifically given to the Trustee or otherwise in this Agreement shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Trustee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Trustee in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Owner or the Lessee or to be an acquiescence therein. In case the Trustee shall have proceeded to enforce any right, power or remedy under this Security Agreement by foreclosure, entry or otherwise, and such proceedings shall have been determined adversely to the Trustee, then and in every such case, the Owner, the Trustee and the Lessee shall be restored to their former position and rights hereunder with respect to the Collateral and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 6.09. No Action Contrary to Lessee's Rights Under the Lease. Notwithstanding any of the provisions of this Agreement to the contrary, except as expressly provided in the Lease, neither the Owner nor the Trustee shall take any action which would interfere with the Lessee's rights under the Lease, including the right to possession and use of the Equipment during the term of the Lease, so long as no Event of Default shall have occurred and be continuing.

Section 6.10. Trustee Authorized to Execute Bills of Sale, etc. The Owner irrevocably appoints the Trustee the true and lawful attorney-in-fact of the Owner in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the lien of this Security Agreement, whether pursuant to foreclosure or power of sale or otherwise, to execute and

deliver all such bills of sale, assignments and other instruments as the Trustee may consider necessary or appropriate, with full power of substitution. Nevertheless, if so requested by the Trustee or any purchaser, the Owner shall ratify and confirm any such sale, assignment, transfer or delivery by executing and delivering to the Trustee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

Section 6.11. Purchase of Collateral by Trustee or Holders of Notes. To the extent permitted by applicable law, the Trustee or any holder of a Note may be a purchaser of the Collateral or any part thereof or any interest therein at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise. The Trustee may apply against the purchase price therefor the amount then due under any of the Notes secured hereby and any holder of a Note may apply against the purchase price therefor the amount then due under any Note held by such holder. The Trustee or any holder of a Note or any nominee thereof shall, upon any such purchase, acquire good title to the property so purchased, free of the lien of this Security Agreement and, to the extent permitted by applicable law, free of all rights of redemption in or by the Owner.

Section 6.12. Receipt a Sufficient Discharge. Upon any sale of the Collateral or any part thereof or interest therein, whether pursuant to foreclosure or power of sale or otherwise, the receipt of the officer making the sale under judicial proceedings or of the Trustee shall be sufficient discharge to the purchaser for the purchase money, and such purchaser shall not be obliged to see to the application thereof.

Section 6.13. Sale a Bar. Any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall forever be a perpetual bar against the Owner after the expiration of the period, if any, during which the Owner shall have the benefit of redemption laws which may not be waived pursuant to Section 6.14 hereof.

Section 6.14. Waiver of Various Rights by the Owner. The Owner hereby waives and agrees, to the extent permitted by applicable law, that it will never seek or derive any benefit or advantage from any of the following, whether now existing or hereafter in effect, in connection with any proceeding under or in respect of this Security Agreement:

(a) any stay, extension, moratorium or other similar law;

(b) any law providing for the valuation or appraisal of any portion of the Collateral in connection with a sale thereof; or

(c) any right to have any portion of the Collateral or other security for the Notes marshalled.

The Owner covenants not to hinder, delay or impede the proper exercise of any right or remedy under or in respect of this Security Agreement, and agrees, to the extent permitted by applicable law, to suffer and permit its exercise as though no laws or rights of the character listed above were in effect.

SECTION 7. DUTIES OF TRUSTEE; CERTAIN RIGHTS AND DUTIES OF OWNER

Section 7.01. Action Upon Security Agreement Default or Security Agreement Event of Default. In the event the Owner or the Trustee shall have knowledge of a Security Agreement Default or a Security Agreement Event of Default, it shall give prompt telex or telegraphic notice thereof to the other, and to each holder of record of a Note (confirmed by written notice sent in the manner provided by Section 11.05 hereof). Subject to the terms of Section 7.04 hereof, the Trustee shall take such action, or refrain from taking such action, with respect to a Security Agreement Default or a Security Agreement Event of Default as the Trustee shall be instructed in writing by a Majority in Interest of Note Holders. If the Trustee shall not have received instructions as above provided within 20 days after notice of such Security Agreement Default or Security Agreement Event of Default shall have been mailed to the holders of the Notes, the Trustee shall be under no duty to take or refrain from taking any action with respect to such Security Agreement Default or Security Agreement Event of Default but may, subject to instructions received pursuant to the preceding sentence, take such action, or refrain from taking such action, with respect to such Security Agreement Default or Security Agreement Event of Default as it shall determine to be advisable in the best interests of the holders of the Notes and shall use the same degree of care and skill in connection therewith as a prudent man would use under the circumstances in the conduct of his own affairs. For all purposes of this Security Agreement, in the absence of actual knowledge on the part of an officer in the corporate trust department of the

Trustee, the Trustee shall not be deemed to have knowledge of a default under the Participation Agreement, Default, Event of Default, Security Agreement Default, or Security Agreement Event of Default (except the failure of the Lessee to pay any installment of Interim Rent or Basic Rent when the same shall become due, or the failure of the Lessee or of the Owner to deliver to the Trustee any instrument or other writing required to be delivered pursuant to the express terms of any Operative Document by or on a date certain) unless notified in writing by the Owner, a holder of a Note or the Lessee.

Section 7.02. Action Upon Instructions Generally. Subject to the terms of Sections 7.01 and 7.04 hereof, upon the written instructions at any time and from time to time of a Majority in Interest of Note Holders, the Trustee shall take such of the following actions as may be specified in such instructions: (a) give such notice or direction or exercise such right, remedy or power or take such action hereunder or under the Lease or the Participation Agreement, or in respect of any part of or all the Collateral, as shall be specified in such instructions; (b) take such action with respect to, or to preserve or protect, the Collateral (including the discharge of Liens) as shall be specified in such instructions; and (c) approve as satisfactory to it all matters required by the terms of the Lease to be satisfactory to the Owner, it being understood that without such written instructions the Trustee shall not approve any such matter as satisfactory to it. The Trustee, upon the instructions at any time and from time to time of a Majority in Interest of Note Holders, shall execute and file or record any financing statement (and any continuation statement with respect to any such financing statement) or any other similar document relating to the lien or the security interests or the assignments created by or pursuant to this Security Agreement, as may be specified in such instructions (which instructions shall be accompanied by an execution form of such financing statement or such continuation statement, as the case may be).

Section 7.03. Action Upon Payment of Notes or Termination of Lease. Subject to the terms of Section 7.04 hereof, upon payment in full of the principal of and accrued interest on all Notes then outstanding and all other amounts then due all holders of such Notes hereunder or under the Participation Agreement or the Lease, the Trustee shall upon the written request of the Owner (and at the Owner's cost and expense) execute and deliver to, or as directed in writing by, the Owner an appropriate instrument (in due form for recording) releasing all of the Collateral from the lien of this Agreement. Upon any partial termination of the Lease

with respect to a Rail Car or Cars pursuant to § 8 thereof, the Trustee shall, upon the written request of the Owner (and at the Owner's cost and expense), but only if no Security Agreement Default or Security Agreement Event of Default shall have occurred and be continuing and if the Trustee shall have received an amount in cash sufficient for the prepayment in full or in part of the principal of and interest on the Notes, as determined by Section 6, 5.02 or 5.03 hereof, or such greater amount, if any, as may be prescribed by the Lease, execute and deliver to, or as directed in writing by, the Owner an instrument, in due form for recording, releasing such Rail Car or Cars from the lien of this Security Agreement. If part of any Rail Car is replaced under § 12 of the Lease and transferred to or at the direction of the Lessee thereunder, the Trustee shall, upon the written request of the Owner (and at the Owner's cost and expense), but only if no Security Agreement Default or Security Agreement Event of Default shall have occurred and be continuing, execute and deliver to, or as directed in writing by, the Owner an instrument releasing such part from the lien of this Security Agreement.

Section 7.04. Indemnification, etc.

(a) The Owner will from time to time pay to the Trustee such compensation for its services rendered hereunder as shall be agreed to by the Owner and the Trustee and shall reimburse the Trustee for its reasonable expenses and disbursements in connection with such services.

(b) The Trustee shall not be required to take any action or refrain from taking any action under Section 6 or Section 7.01 (other than the first sentence thereof), 7.02 (other than the second sentence thereof) or 7.03 hereof unless it shall have been indemnified by the Note Holders in manner and form satisfactory to the Trustee (it being understood that the personal indemnity of the Lender or any holder of a Note which shall be an institutional investor of recognized standing shall in any event be deemed satisfactory indemnity) or unless, in the reasonable judgment of the Trustee, the indemnities of the Lessee shall be adequate for such purpose. The Trustee shall not be required to take any action under Section 6, 7.01, 7.02 or 7.03 hereof, nor shall any other provision of this Security Agreement be deemed to impose a duty on the Trustee to take any action, if it shall have been advised by counsel (who shall not be an employee of the Trustee) that such action is contrary to the terms hereof or of the Lease or the Participation Agreement or is otherwise contrary to law or may result in personal liability to the Trustee.

Section 7.05. No Duties Except as Specified. The Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with any part of the Collateral or otherwise to take or refrain from taking any action under or in connection with this Agreement or the other agreements entered into in connection with the transactions contemplated hereby, except as expressly provided by the terms of this Agreement or as expressly provided in written instructions from a Majority in Interest of Note Holders in accordance with Section 7.01 or 7.02 hereof; and no implied duties or obligations shall be read into this Agreement against the Trustee. The Trustee nevertheless agrees that it will, in its individual capacity and at its own cost and expense, promptly take such action as may be necessary duly to discharge all Liens on any part of the Collateral which result from acts by or claims against it arising out of events or conditions not related to the administration of the trust estate created by this Agreement or the transactions contemplated hereby. The Trustee agrees that it will not manage, control, use sell, dispose of or otherwise deal with the Equipment or any other part of the Collateral except (a) as required by the terms of the Lease, (b) in accordance with the powers granted to, or the authority conferred upon, the Trustee pursuant to this Security Agreement or (c) in accordance with the express terms hereof or with written instructions from a Majority in Interest of Note Holders.

Section 7.06. Certain Rights of Owner. Notwithstanding any other provision of this Agreement, including without limitation the Granting Clause hereof, the Owner shall (a) retain all rights with respect to Excepted Rights in Collateral (but the Owner shall not in any event have any right to exercise remedies under § 14 of the Lease other than remedies (exclusive of the remedy of foreclosure or termination) available to it with respect to such Excepted Rights in Collateral pursuant to § 14.1(a) of the Lease) and (b) shall have the right, but not to the exclusion of the Trustee, (i) to receive from the Lessee all notices, copies of all documents and all information which the Lessee is permitted or required to give or furnish to the "Lessor" or the "Owner" pursuant to the Lease or to the "Owner" pursuant to the Participation Agreement, (ii) to inspect the Equipment and the Lessee's records with respect thereto, (iii) to retain all rights with respect to insurance which § 8 of the Lease specifically confers upon the "Lessor" for its own account, (iv) to provide or obtain insurance pursuant to § 8 of the Lease, (v) to maintain, service and repair the Equipment pursuant to § 8 of the Lease and (vi) subject to Section 10.01 hereof, to consent to any amendment or modification of

any of the provisions of the Lease; (c) the Trustee shall, if a Security Agreement Default or a Security Agreement Event of Default shall have occurred and be continuing, have the sole right (except as otherwise set forth in the immediately preceding clause (a), it being understood that the rights and remedies therein referred to as being retained by or exercisable by the Owner shall continue to be retained and exercisable by it notwithstanding the occurrence or continuance of any such Security Agreement Default or Security Agreement Event of Default) to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Trustee) which by the terms of the Lease are permitted or provided to be exercised by the Lessor; but if no Security Agreement Default or Security Agreement Event of Default shall have occurred and be continuing, the Trustee and the Owner may each exercise their respective rights, privileges and remedies under the Lease subject to the provisions of this Security Agreement; and (d) so long as no Security Agreement Default or Security Agreement Event of Default shall have occurred and be continuing, the Owner shall have the right, to the exclusion of the Trustee, to exercise the rights of Lessor under § 17 of the Lease.

Section 7.07. Knowledge of the Owner. For all purposes of this Security Agreement, in the absence of actual knowledge on the part of an officer or employee of a general partner of the Owner (or on the part of any individual general partner) the Owner shall not be deemed to have knowledge of a default under the Participation Agreement, Default, Event of Default, Security Agreement Default or Security Agreement Event of Default unless notified in writing by the Trustee, a holder of a Note or the Lessee.

SECTION 8. THE TRUSTEE AND THE OWNER

Section 8.01. Acceptance of Trusts and Duties. The Trustee accepts the trusts hereby created and applicable to it and agrees to perform the same but only upon the terms of this Agreement, and agrees to receive and disburse all moneys actually received by it and constituting part of the Collateral in accordance with the provisions hereof. The Trustee shall not be answerable or accountable under any circumstances, except (a) for its own gross negligence or wilful misconduct or (b) in the case of the inaccuracy of any representation or warranty by it contained in Section 8.03 hereof; and the Trustee shall not be liable for any action or inaction of the Owner. The Trustee shall not be liable for any action taken or not taken in good faith at the direction

of, and in accordance with the instructions of, a Majority in Interest of Note Holders.

Section 8.02. Absence of Certain Duties. Except in accordance with written instructions or requests furnished pursuant to Section 7.01 or 7.02 hereof and except as provided in Section 7.02 hereof, the Trustee shall have no duty (a) to see to any registration, recording, or filing of the Lease or of this Agreement or any supplement thereto or hereto (or any financing or continuation statements in respect thereto) or to see to the maintenance of any such registration, recording or filing, (b) to see to any insurance on the Equipment or to effect or maintain any such insurance, whether or not the Lessee shall be in default with respect thereto, (c) except as otherwise provided in Section 7.05 hereof, to see to the payment or discharge of any tax, assessment or other governmental charge or any Lien of any kind owing with respect to, or assessed or levied against, any part of the Collateral, (d) to inquire into the failure to receive, or to confirm or verify, any financial statements of the Lessee or (e) to inspect the Equipment at any time or ascertain or inquire as to the performance or observance of any of the Lessee's covenants under the Lease with respect to the Equipment. Notwithstanding the foregoing, the Trustee will furnish to each holder of a Note promptly upon receipt thereof duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to the Trustee hereunder or under any of the agreements entered into in connection with the transactions contemplated hereby unless the Trustee shall reasonably believe that each such holder shall have received copies thereof.

Section 8.03. No Representations or Warranties. THE OWNER, ITS PARTNERS AND THE TRUSTEE MAKE (a) NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, COMPLIANCE WITH PLANS OR SPECIFICATIONS, QUALITY, DURABILITY, SUITABILITY, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OR FOR ANY PARTICULAR PURPOSE OF THE EQUIPMENT OR ANY PART THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT, except as expressly provided in the Participation Agreement and except that the Owner represents and warrants that on each Delivery Date it shall have received whatever title to the Rail Cars then being delivered as was conveyed to it and that the Equipment shall be free of all Lessor's Liens and (b) no representation or warranty as to the validity, legality or enforceability of this Security Agreement, any of the other agreements entered into in connection with the transactions contemplated hereby

or the Notes, or as to the correctness of any statement contained in any thereof, except as expressly provided herein or therein and except that the Trustee represents and warrants that this Security Agreement has been executed and delivered by one of its officers who is duly authorized to execute and deliver such document on its behalf.

Section 8.04. No Segregation of Moneys; No Interest. Except as specifically provided herein, any moneys received by the Trustee hereunder need not be segregated in any manner except to the extent required by law and may be deposited under such general conditions as may be prescribed by law in the general banking department of the Trustee, and neither the Owner nor the Trustee shall be liable for any interest thereon except as is provided in Section 5.05 hereof.

Section 8.05. Reliance; Agents; Advice of Experts. The Owner and the Trustee shall incur no liability to any person in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Owner and the Trustee may accept in good faith a certified copy of a resolution of the Board of Directors of the Lessee as conclusive evidence that such resolution has been duly adopted by such Board and that the same is in full force and effect. As to the amount of any payment to which the holder of any Note is entitled pursuant to clause "Second" of Section 5.04 hereof, the Trustee may for all purposes hereof rely on a certificate of the holder of such Note. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Trustee may for all purposes hereof rely on an Officer's Certificate of the Owner or the Lessee, or a certificate signed by an authorized officer of a holder of a Note, as to such fact or matter, and such certificate shall constitute full protection to the Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon. In the administration of the trusts hereunder, the Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Collateral (but subject to the priorities of payment set forth in Section 5 hereof), consult with independent skilled persons to be selected and retained by it (other than persons regularly in its employ) as to matters within their particular competence, and the Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion, within such person's area of competence, of any such person, so long

as the Trustee shall have exercised reasonable care in selecting such person.

Section 8.06. No Compensation From Holders of Notes. The Trustee agrees that it shall have no right against the holders of the Notes or, except as specifically provided in Section 5, the Collateral, for any fee or other compensation for its services hereunder or for any expenses or disbursements in connection with such services.

SECTION 9. SUCCESSOR TRUSTEES AND SEPARATE TRUSTEES

Section 9.01. Resignation or Removal of Trustee; Appointment of Successor.

(a) Resignation or Removal. The Trustee or any successor thereto may resign at any time without cause by giving at least 30 days' prior written notice to the Owner, the Lessee and each holder of a Note, such resignation to be effective on the acceptance of appointment by the successor Trustee pursuant to the provisions of Section 9.01(b) hereof. In addition, a Majority in Interest of Note Holders may at any time remove the Trustee without cause by an instrument in writing delivered to the Owner and the Trustee, and the Owner shall give prompt written notification thereof to each holder of a Note and the Lessee. Such removal will be effective on the acceptance of appointment by the successor Trustee pursuant to the provisions of Section 9.01(b) hereof. In the case of the resignation or removal of the Trustee, a Majority in Interest of Note Holders may appoint a successor Trustee by an instrument signed by such persons. If a successor Trustee shall not have been appointed within 30 days after such resignation or removal, the Trustee or any holder of a Note may apply to any court of competent jurisdiction to appoint a successor Trustee to act until such time, if any, as a successor shall have been appointed by the Note Holders as above provided. The successor Trustee so appointed by such court shall immediately and without further act be superseded by any successor Trustee appointed by the Note Holders as above provided.

(b) Acceptance of Appointment. Any successor Trustee shall execute and deliver an instrument accepting such appointment, and thereupon such successor Trustee, without further act, shall become vested with all the estates, properties, rights, powers and duties of the predecessor Trustee hereunder in the trusts hereunder applicable to it with like effect as if originally named the Trustee herein; but nevertheless upon the written request of such successor

Trustee or a Majority in Interest of Note Holders, such predecessor Trustee shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts herein expressed applicable to it, all the estates, properties, rights and powers of such predecessor Trustee, and such predecessor Trustee shall duly assign, transfer, deliver and pay over to such successor Trustee all moneys or other property then held by such predecessor Trustee hereunder.

(c) Qualifications. Any successor Trustee, however appointed, shall be a bank or trust company having a combined capital and surplus of at least \$100,000,000, if an institution with such capital and surplus is willing, able and legally qualified to perform the duties of the Trustee hereunder upon reasonable or customary terms. No successor Trustee, however appointed, shall become such if such appointment would result in the violation of any applicable law or create a conflict or relationship involving a conflict of interest under the Trust Indenture Act of 1939, as amended.

(d) Merger, etc. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Trustee may be transferred, shall, subject to the terms of Section 9.01(c) hereof, be the Trustee under this Agreement without further act.

Section 9.02. Appointment of Additional and Separate Trustees.

(a) Appointment. Whenever (i) the Trustee shall deem it necessary or prudent in order to conform to any law of any jurisdiction in which all or any part of the Collateral shall be situated or to make any claim or bring any suit with respect to or in connection with the Collateral, this Agreement, the Lease, the Notes or any of the transactions contemplated by this Agreement, (ii) the Trustee shall be advised by counsel, satisfactory to it, that it is so necessary or prudent in the interest of the holders of the Notes or (iii) a Majority in Interest of Note Holders deems it so necessary or prudent and shall have requested the Trustee to do so then, in any such case, the Trustee shall execute and deliver from time to time all instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons approved by the Trustee either to act as additional trustee or trustees of all or any part of the Collateral, jointly with the Trustee, or to act

as separate trustee or trustees of all or any part of the Collateral, in any such case with such powers as may be provided in such instruments or agreements, and to vest in such bank, trust company or person as such additional trustee or separate trustee, as the case may be, any property, title, right or power of the Trustee deemed necessary or advisable by the Trustee, subject to the remaining provisions of this Section 9.02. The Owner hereby consents to all actions taken by the Trustee under the foregoing provisions of this Section 9.02 and agrees, upon the Trustee's request, to join in and execute, acknowledge and deliver any or all such instruments or agreements; and the Owner hereby makes, constitutes and appoints the Trustee its agent and attorney-in-fact for it and in its name, place and stead to execute, acknowledge and deliver any such instrument or agreement in the event that the Owner shall not itself execute and deliver the same within 15 days after receipt by it of such request so to do. If at any time the Trustee shall deem it no longer necessary or prudent in order to conform to any such law or take any such action or shall be advised by such counsel that it is no longer so necessary or prudent in the interest of the holders of the Notes or in the event that the Trustee shall have been requested to do so in writing by a Majority in Interest of Note Holders, the Trustee shall execute and deliver all instruments and agreements necessary or proper to remove any additional trustee or separate trustee. In such connection, the Trustee may act on behalf of the Owner to the same extent as is provided above.

(b) Trustee as Agent. Any additional trustee or separate trustee may at any time by an instrument in writing constitute the Trustee its agent or attorney-in-fact, with full power and authority, to the extent which may be authorized by law, to do all acts and things and exercise all discretions which it is authorized or permitted to do or exercise, for and in its behalf and in its name. In case any such additional trustee or separate trustee shall die, become incapable of acting, resign or be removed, all the assets, property, rights, powers, trusts, duties and obligations of such additional trustee or separate trustee, as the case may be, so far as permitted by law, shall vest in and be exercised by the Trustee, without the appointment of a new successor to such additional trustee or separate trustee, unless and until a successor is appointed in the manner hereinabove provided.

(c) Requests, etc. Any request, approval or consent in writing by the Trustee to any additional trustee or separate trustee shall be sufficient to warrant to such additional trustee or separate trustee, as the case may be,

to take such action as may be so requested, approved or consented to.

(d) Subject to this Agreement, etc. Each additional trustee and separate trustee appointed pursuant to this Section 9.02 shall be subject to, and shall have the benefit of, Sections 5 through 11 hereof insofar as they apply to the Trustee. Notwithstanding any other provision of this Section 9.02, (i) the powers of any additional trustee or separate trustee appointed pursuant to this Section 9.02 shall not in any case exceed those of the Trustee hereunder, (ii) all powers, duties, obligations and rights conferred upon the Trustee in respect of the receipt, custody, investment and payment of moneys or the investment of moneys, shall be exercised solely by the Trustee, (iii) no power hereby given to, or exercisable as provided herein by, any such additional trustee or separate trustee shall be exercised hereunder by such additional trustee or separate trustee except jointly with, or with the consent of, the Trustee and (iv) no trustee shall be personally liable for the acts or omissions of any other trustee or the Trustee.

SECTION 10. SUPPLEMENTS AND AMENDMENTS TO THIS AGREEMENT AND OTHER DOCUMENTS

Section 10.01. Conditions and Limitations. At any time and from time to time, but only upon the written request of a Majority in Interest of Note Holders, the Trustee shall execute such amendment of or supplement to or waiver of the terms of this Agreement, the Lease, the Participation Agreement or any other agreement entered into in connection with the transactions contemplated hereby as the parties thereto may agree to, as may be specified in such request and (except as hereinafter provided) as the Owner may consent to, provided, however, that (a) without the consent of the Lessee, no such amendment, supplement or waiver shall modify any of the provisions of Section 6.08 hereof or this clause (a) of this proviso to Section 10.01 and (b) without the consent of each holder of a Note then outstanding, no such amendment, supplement or waiver shall (i) modify any of the provisions of this Section 10.01 or of Section 7.01, 7.02, 7.03, 7.04, 10.02 or 11, the definitions of the terms "Security Agreement Default," "Security Agreement Event of Default," "Default," "Majority in Interest of Note Holders" or "Majority in Interest of Participants" contained herein, the definition of "Event of Default" contained in the Lease or the percentage of holders of Notes or of Participants required to take or approve any action hereunder, (ii) alter the amount or the time of payment of any amount owing or payable under any Note, alter the interest payable on any Note or alter or

modify the provisions of Section 5 hereof with respect to the manner of payment or the order of priorities in which distributions thereunder shall be made as between the holders of Notes and the Owner, (iii) reduce the amount (except to such amount as shall be sufficient to pay the aggregate principal of, premium, if any, and interest on all outstanding Notes) or extend the time of payment of Interim Rent, Basic Rent, Casualty Value or Termination Value as set forth in the Lease or alter or modify § 2 or § 14 of the Lease, (iv) modify, amend or supplement the Lease or consent to any assignment of the Lease, in either case releasing the Lessee from its obligations in respect of the payment of Interim Rent, Basic Rent, Casualty Value or Termination Value or changing the absolute and unconditional character of such obligations as set forth in the Lease, (v) permit the creation of any Lien on the Collateral or any part thereof, except as herein expressly permitted, or deprive the holder of any Note then outstanding of the benefit of the lien of this Agreement on any property subject hereto or (vi) modify any indemnities in favor of any Participant, any holder of a Note, the Collateral or the Trustee (except that any such Participant or holder of a Note may waive any indemnity payable to it for its own account). Notwithstanding the foregoing but subject to Section 7.03 hereof, without the consent of each holder of a Note then outstanding, no such supplement to this Security Agreement or waiver or modification of the terms thereof or any other document shall permit the creation of any Lien on the Collateral or any part thereof, except as herein expressly permitted, or deprive the holder of any Note then outstanding of the benefit of the Lien of this Security Agreement on the Collateral.

Section 10.02. Supplements and Other Amendments Without Consent. Notwithstanding the provisions of Section 10.01 hereof, without the consent of any of the holders of the Notes then outstanding but subject to the provisions of Section 10.03 hereof, at the request of the Owner, the Trustee shall join with the Owner in entering into any Security Agreement Supplements or in executing any amendment, modification, or waiver of the terms of any other agreement entered into in connection with the transactions contemplated hereby to evidence the succession of another party as the Owner in accordance with the terms of the Participation Agreement or to evidence the succession of a new trustee as the Trustee hereunder, the removal of the Trustee or the appointment of any separate or additional trustee or trustees, in each case if done pursuant to the provisions of Section 9 hereof.

Section 10.03. Conditions to Action by Trustee. If in the opinion of the Trustee any document required to be

executed pursuant to the terms of Section 10.01 or 10.02 hereof adversely affects any immunity or indemnity in favor of the Trustee under this Agreement or the Participation Agreement or the Lease, or would substantially increase its duties or responsibilities hereunder or thereunder, the Trustee may in its discretion decline to execute such document. With every such document, the Trustee shall be furnished with evidence that all necessary consents have been obtained and with an opinion of counsel that such document complies with the provisions of this Agreement, does not deprive the Trustee or the holders of the Notes of the benefits of the lien hereby created on any property subject hereto or of the assignments contained herein (except as otherwise consented to in accordance with Section 10.01 hereof) and that all consents required by the terms hereof in connection with the execution of such documents have been obtained. The Trustee shall be fully protected in relying on such opinion.

SECTION 11. MISCELLANEOUS

Section 11.01. Termination of this Security Agreement. This Security Agreement and the trusts created hereby shall terminate and this Agreement shall be of no further force or effect upon satisfaction of the conditions set forth in the "PROVIDED HOWEVER" clause preceding Section 1 hereof. Upon any such termination following the satisfaction in full of such conditions, the Trustee shall pay all moneys or other properties or proceeds constituting part of the Collateral (the distribution of which is not otherwise provided for herein) to the Owner, and the Trustee shall, upon request of the Owner and at its cost and expense, execute and deliver proper instruments acknowledging such termination and evidencing the release of the security interest created hereby. If this Agreement is terminated pursuant to this Section 11.01, the Trustee shall promptly notify the Lessee of such termination.

Section 11.02. Appointment of Trustee as Attorney; Further Assurances. The Owner hereby constitutes the Trustee the true and lawful attorney of the Owner irrevocably with full power (in the name of the Owner or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due and to become due under or arising out of the Lease or the Participation Agreement (except to the extent that such moneys and claims constitute Excepted Rights in Collateral), to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Trustee may request in the premises

(other than with respect to Excepted Rights in Collateral). At any time and from time to time, upon the request of the Trustee (and upon receipt of the form of document so to be executed), the Owner shall promptly and duly execute and deliver any and all such further instruments and documents as the Trustee may request in obtaining the full benefits of the security interests and assignments created or intended to be created hereby and of the rights and powers herein granted. Upon the instructions (which instructions shall be accompanied by the form of document to be filed) at any time and from time to time of the Trustee, the Owner shall execute and file any financing statement (and any continuation statement with respect to any such financing statement), any certificate of title or any other document relating to the security interests or the assignments created by this Agreement as may be specified in such instructions.

Section 11.03. Sale of Collateral by Trustee Binding. Any sale or other conveyance of the Collateral by the Trustee made pursuant to the terms of this Agreement or of the Lease shall bind the Owner and the holders of the Notes and shall be effective to transfer or convey all right, title and interest of the Owner and such holders in and to the Collateral. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Trustee.

Section 11.04. Agreement for Benefit of Parties, Limited Partners and Holders of Notes Only. Nothing in this Agreement, whether express or implied, shall be construed to give to any person other than the parties hereto, the Lessee, the limited partners of the Owner and the holders of the Notes any legal or equitable right, remedy or claim under or in respect of this Agreement, and this Agreement shall be for the sole and exclusive benefit of the parties hereto, the obligors under the Notes and the holders of the Notes.

Section 11.05. Notices. Unless otherwise specifically provided herein, all notices, requests, demands and other communications required or contemplated by the provisions hereof shall be in writing, and any such notice shall become effective and deemed received by the addressee thereof for all purposes hereunder, if delivered by hand when received, or if mailed, on the fifth day after deposit thereof in the United States mail, return receipt requested, addressed as required by Section 14 of the Participation Agreement.

Section 11.06. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.07. Written Changes Only. Subject to Sections 10.01 and 10.02 hereof, no term or provision of this Security Agreement or any Note may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party or other person against whom enforcement of the change, waiver, discharge or termination is sought; and any waiver of the terms hereof or of any Note shall be effective only in the specific instance and for the specific purpose given.

Section 11.08. Counterparts. This Security Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.09. Successors and Assigns. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns and each holder of a Note. Any request, notice, direction, consent, waiver or other instrument or action by any holder of a Note shall bind the successors and assigns thereof.

Section 11.10. Headings; References, etc. The table of contents hereof and headings of the various Sections and subsections herein are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof. References herein to Sections or subsections without reference to the document in which they are contained are references to this Security Agreement.

Section 11.11. Governing Law. This Security Agreement and the Notes shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

DEAN WITTER RAIL INVESTORS
LIMITED PARTNERSHIP

By DEAN WITTER TRANSPORTATION
LEASING CORPORATION,
General Partner

By: *[Signature]*
Title: *Vice President*

By CLC INVESTORS, INC.,
General Partner

By: *R. L. Lynch*
Title: *President*

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION,
as Trustee,

By: *[Signature]*
Title: *Attorney*

STATE OF New York)
COUNTY OF New York ; ss.:

On this 26th day of September, 1984, before me personally appeared James E. Swigart, to me personally known, who, being by me duly sworn, says and acknowledges that he resides at 64 Halls Ln, Rye, NY 10580; that he is a Vice President of DEAN WITTER TRANSPORTATION LEASING CORPORATION, a Delaware corporation and a general partner of DEAN WITTER RAIL INVESTORS LIMITED PARTNERSHIP, a New York limited partnership; that one of the seals affixed to the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and was duly authorized by said limited partnership; and he acknowledged that the execution of the foregoing instrument was his free and voluntary act and deed, the free act and deed of said corporation and the act and deed of said limited partnership.

(SEAL)



Notary Public

My commission expires: March 30, 1986

STATE OF MINNESOTA)

COUNTY OF HENNEPIN) SS.:

On this 28th day of SEPTEMBER, 1984, before me personally appeared H.L. LUMPKIN, to me personally known, who, being by me duly sworn, says and acknowledges that he resides at 14500 Monarcha Pl, Minnetonka, MN 55391; that he is a PRESIDENT of CLC INVESTORS, INC., a Delaware corporation and a general partner of DEAN WITTER RAIL INVESTORS LIMITED PARTNERSHIP, a New York limited partnership; that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation; that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and was duly authorized by said limited partnership; and he acknowledged that the execution of the foregoing instrument was his free and voluntary act and deed, the free act and deed of said corporation and the act and deed of said limited partnership.

(SEAL) CHRISTOPHER W. LANE
NOTARY PUBLIC-MINNESOTA
HENNEPIN COUNTY
My Commission Expires Feb. 14, 1986

Christopher W. Lane
Notary Public

My commission expires: FEB. 14, 1986

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 26th day of September, 1984, before me personally appeared Joseph M. Balzo, to me personally known, who, being by me duly sworn, says and acknowledges that he resides at 146 41st St., Brooklyn, N.Y.; that he is an authorized officer of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association; that one of the seals affixed to the foregoing instrument is the corporate seal of said association; that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was his free and voluntary act and deed and the free act and deed of said association.

(SEAL)



Notary Public

My commission expires: March 30, 1986

LORRAINE RELLO
Notary Public, State of New York
No. 31-4768359
Qualified in Nassau County
Certificate Filed in New York County
Term Expires March 30, 1986

EXHIBIT A TO THE TRUST
AND SECURITY AGREEMENT

[FORM OF SECURITY AGREEMENT SUPPLEMENT]

SUPPLEMENT NO. _____ TO TRUST AND SECURITY AGREEMENT

This Supplement No. _____ is dated as of _____ and is entered into by Dean Witter Rail Investors Limited Partnership (the "Owner") and _____, as Trustee (the "Trustee") for its benefit and for the benefit of the holders from time to time of the Notes described in the Agreement referred to below.

A. The Owner and the Trustee have entered into a Trust and Security Agreement dated as of August 15, 1984 (as heretofore supplemented, the "Agreement").

B. Unless otherwise defined herein, the capitalized terms used herein are used with the respective meanings specified in the Agreement.

C. The Agreement contemplates the execution and delivery from time to time of Security Agreement Supplements substantially in the form hereof.

NOW, THEREFORE, TO SECURE THE PAYMENT of the principal of and interest on the Notes according to their tenor and effect and to secure the payment and performance of all other indebtedness which the Agreement by its terms secures and the performance and observance of all covenants, obligations and conditions contained in the Notes, the Agreement and the Participation Agreement, the Owner does hereby grant, bargain, sell, transfer, convey, warrant, mortgage, assign, pledge, hypothecate and grant a continuing security interest unto the Trustee, its successors in trust and assigns in and to all and singular of the Owner's properties, rights, interests and privileges and the proceeds thereof (whether now owned or hereafter acquired), except any Excepted Rights in Collateral (as defined in the Agreement), including, without limitation, the following:

(a) each of the Rail Cars described in Schedule A annexed hereto;

(b) all additional or substituted Rail Cars which hereafter may be subjected to the lien and security interest of the Agreement by operation thereof;

(c) all income, revenues, issues, profits and proceeds arising from or in connection with any of the foregoing;

(d) each Lease Supplement relating to such Rail Cars and all amounts payable thereunder.

TO HAVE AND TO HOLD the above-described Collateral unto the Trustee, its successors in trust and assigns forever, upon the terms herein and in the Agreement set forth, for the benefit of the Trustee and for the equal and proportionate benefit, security and protection of all present and future holders of the Notes outstanding under the Agreement from and after the issuance of the Notes, without preference, priority or distinction of any Notes by reason of priority at the time of issue date or maturity thereof or otherwise for any cause whatsoever.

This Supplement shall be construed in connection with and as a part of the Agreement, and all terms, conditions and covenants contained in the Agreement, as hereby supplemented, shall remain in full force and effect.

This Supplement may be executed in any number of counterparts, each of which shall constitute an original but which, when taken together, shall constitute but one instrument.

DEAN WITTER RAIL INVESTORS
LIMITED PARTNERSHIP

By DEAN WITTER TRANSPORTATION
LEASING CORPORATION,
General Partner

By: _____
Title:

By CLC INVESTORS, INC.,
General Partner

By: _____
Title:

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIA-
TION, as Trustee

By: _____
Title:

Schedule A

EXHIBIT B-1
TO THE TRUST AND
SECURITY AGREEMENT

[FORM OF SERIES A NOTE]

DEAN WITTER RAIL INVESTORS LIMITED PARTNERSHIP

14-1/8% Secured Series A Note Due 2000

[Date]

Registered No. _____.

\$ _____.

Dean Witter Rail Investors Limited Partnership, a New York limited partnership (herein, together with its successors and assigns, called the "Owner"), for value received, hereby promises to pay to _____, or registered assigns, on or before July 2, 2000, as herein provided, the principal sum of _____ DOLLARS (\$ _____), and the Owner hereby promises to pay interest on the unpaid principal amount of this Note from the date hereof to maturity at the rate of 14-1/8% per annum, and (to the extent not prohibited by applicable law) to pay interest on any overdue principal, premium (if any) and interest, at the rate of 15-1/8% per annum (or at such lesser rate of interest as may be the maximum not prohibited by applicable law), in each case computed on the basis of a 360-day year of twelve 30-day months.

All amounts payable by the Owner hereunder and under the Trust and Security Agreement, dated as of August 15, 1984 (as from time to time supplemented and amended in accordance with the terms thereof, the "Security Agreement", the defined terms therein not otherwise defined herein being used herein with the same meanings), from the Owner to the Trustee referred to below, shall be paid only from the Collateral (as defined in the Security Agreement), and each holder and registered owner, by its acceptance of this Note, agrees (i) that it will look solely to the Collateral for any and all amounts payable hereunder, and (ii) that neither the Owner nor any partner of the Owner is personally liable to the holder or registered owner hereof for any amounts payable hereunder provided, that (A) the foregoing provisions of this paragraph shall not prevent or limit recourse to the Collateral or constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Notes or secured by the Security Agreement

but the same shall continue until paid or discharged and (B) the foregoing provisions of this paragraph shall not (x) limit the right of any person to name the Owner or any partner thereof or any other person or entity as a party defendant in any action or suit to enforce the liability of the Owner, any general partner of the Owner and any limited partner of the Owner or for a judicial foreclosure of or in the exercise of any other remedy under the Notes or under the Operative Agreements, under applicable law, so long as no judgment seeking personal liability shall be asked for or, if obtained, enforced against the Owner or any such partner of the Owner, or (y) prevent recourse to the Lessee for any amounts due under the Lease assigned to the Trustee pursuant to the Security Agreement.

All such principal, premium (if any) and interest shall be payable at the Trust Office of The Connecticut Bank and Trust Company, National Association (together with its successors and assigns under the Security Agreement, called the "Trustee"), as Trustee under the Security Agreement, which office is located at One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department, or at the office of its successor as such trustee, in lawful money of the United States of America, or as otherwise provided in Section 2.08 of the Security Agreement, in the following manner:

(i) on July 2, 1985 there shall be due and payable interest accrued hereon to July 2, 1985;

(ii) on July 2, 1985 there shall be due and payable a portion of the principal hereof equal to [\$_____] per \$100,000 of the original principal amount hereof;

(iii) on January 2 and July 2 of each year, commencing with January 2, 1986, and continuing to and including July 2, 2000 (each such January 2 and July 2 being herein called an "Installment Payment Date") there shall be due and payable interest and principal in 30 semi-annual installments (each being herein called an "Installment Payment"), containing both principal and interest, the amount of the Installment Payment due on each Installment Payment Date occurring on or prior to July 2, 1990 to be equal to [insert 7.544382% or 7.545977% if the date of this Note is in calendar year 1984 or 1985, respectively] of the excess of (y) the original principal amount hereof over (z) the amount of the portion of the principal hereof payable hereon in accordance with the immediately preceding clause (ii),

and the amount of the Installment Payment due on each Installment Payment Date occurring subsequent to July 2, 1990 (other than July 2, 2000) to be equal to [insert 8.852717% or 8.854765% if the date of this Note is in calendar year 1984 or 1985, respectively] of such excess of the amount determined in accordance with the immediately preceding subclause (y) over the amount determined in accordance with the immediately preceding subclause (z); and

(iv) on July 2, 2000 there shall be due and payable the remaining amount, if any, of the unpaid principal amount of this Note and all accrued and unpaid interest hereon and all premium (if any) payable hereon.

Each Installment Payment, when paid, shall be applied first to the payment of accrued interest on this Note to, but not including, the date fixed for such Installment Payment, second to the payment of the premium, if any, owing on this Series A Note on such date, and third to the payment of the principal amount of this Note remaining unpaid.

This Series A Note is one of the Owner's 14-1/8% Secured Series A Notes which, together with the Owner's 14-1/8% Secured Series B Notes (the "Series B Notes"), are issued under the Security Agreement as therein provided. The Series A Notes and the Series B Notes are secured under and in accordance with the terms and priorities of the Security Agreement. Reference is hereby made to the Security Agreement for a description of the Collateral thereby granted, assigned and pledged, the nature, extent and priority of the security for the Series A Notes and the Series B Notes, the rights of the registered owners of the Series A Notes and the Series B Notes, the Trustee and the Owner in respect of such security and otherwise and the terms upon which the Series A Notes and the Series B Notes are authenticated and delivered.

The principal of this Series A Note is subject to prepayment by the Owner, only to the extent and under the circumstances set forth in the Security Agreement, at a price equal to 100% of the principal amount hereof to be prepaid plus interest accrued and unpaid to the date of such prepayment, together with the premium (if any) provided for in the Security Agreement upon such prepayment.

Upon the occurrence of a Security Agreement Event of Default specified in the Security Agreement, the principal hereof, the premium hereon (if any) and the interest accrued and unpaid hereon may be declared to be forthwith due and payable as provided in the Security Agreement.

The Series A Notes are issuable only as fully registered Notes. The Owner and Trustee may deem and treat the person in whose name this Series A Note is registered on the register of the Security Agreement as the absolute owner hereof for the purpose of receiving payments of principal, premium and interest and for all other purposes, and neither the Owner nor the Trustee shall be affected by any notice to the contrary. In accordance with the provisions of the Security Agreement, this Series A Note may be transferred at the Trustee Office, and exchanged for notes in similar form of other denominations.

Should any indebtedness represented by this Note be collected at law or in equity, or in bankruptcy or other proceedings, or should this Note be placed in the hands of attorneys for collection after default, the Owner agrees to pay, in addition to the principal, premium and interest due and payable hereon, all costs of collecting or attempting to collect this Note, including reasonable attorneys' fees and expenses (including those incurred in connection with any appeal).

To the extent permitted by applicable law, the Owner, for itself and its successors and assigns and any endorsers or guarantors, waives presentment, protest and demand and notice of protest, demand and dishonor and agrees that the due date of this Series A Note or any payment hereon may be extended without affecting any liability hereunder.

This Series A Note shall be governed by and construed and enforced in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Owner has caused this
14-1/8% Secured Series A Note to be duly executed and
delivered.

DEAN WITTER RAIL INVESTORS
LIMITED PARTNERSHIP

By DEAN WITTER TRANSPORTATION
LEASING CORPORATION,
General Partner

By: _____

By CLC INVESTORS, INC.,
General Partner

By: _____

Trustee's Certificate of Authentication

This Note is one of the 14-1/8% Secured Series A
Notes of Dean Witter Rail Investors Limited Partnership
described in the within-mentioned Security Agreement.

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION

By: _____
Title:

EXHIBIT B-2
TO THE TRUST AND
SECURITY AGREEMENT

[FORM OF SERIES B NOTE]

DEAN WITTER RAIL INVESTORS LIMITED PARTNERSHIP

14-1/8% Secured Series B Note Due 2000

[Date]

Registered No. _____.

\$ _____.

Dean Witter Rail Investors Limited Partnership, a New York limited partnership (herein, together with its successors and assigns, called the "Owner"), for value received, hereby promises to pay to _____, or registered assigns, on or before July 2, 2000, as herein provided, the principal sum of _____ DOLLARS (\$ _____), and the Owner hereby promises to pay interest on the unpaid principal amount of this Note from the date hereof to maturity at the rate of 14-1/8% per annum, and (to the extent not prohibited by applicable law) to pay interest on any overdue principal, premium (if any) and interest, at the rate of 15-1/8% per annum (or at such lesser rate of interest as may be the maximum not prohibited by applicable law), in each case computed on the basis of a 360-day year of twelve 30-day months.

All amounts payable by the Owner hereunder and under the Trust and Security Agreement, dated as of August 15, 1984 (as from time to time supplemented and amended in accordance with the terms thereof, the "Security Agreement", the defined terms therein not otherwise defined herein being used herein with the same meanings), from the Owner to the Trustee referred to below, shall be paid only from the Collateral (as defined in the Security Agreement), and each holder and registered owner, by its acceptance of this Note, agrees, that except as expressly set forth in the Endorsement hereto (i) it will look solely to the Collateral for any and all amounts payable hereunder, and (ii) neither the Owner nor any partner of the Owner is personally liable to the holder or registered owner hereof for any amounts payable hereunder, provided that (A) the foregoing provisions of this paragraph shall not prevent or limit recourse to the Collateral or constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Notes or secured by the Security Agreement but the same shall continue

until paid or discharged and (B) the foregoing provisions of this paragraph shall not (x) limit the right of any person to name the Owner or any partner thereof or any other person or entity as a party defendant in any action or suit to enforce the liability of the Owner, any general partner of the Owner and any limited partner of the Owner or for a judicial foreclosure of or in the exercise of any other remedy under the Notes or under the Operative Agreements, under applicable law, so long as no judgment seeking personal liability shall be asked for or, if obtained, enforced against the Owner or any general partner of the Owner, or (y) prevent recourse to the Lessee for any amounts due under the Lease assigned to the Trustee pursuant to the Security Agreement.

All such principal, premium (if any) and interest shall be payable at the Trust Office of The Connecticut Bank and Trust Company, National Association (together with its successors and assigns under the Security Agreement, called the "Trustee"), as Trustee under the Security Agreement, which office is located at One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department, or at the office of its successor as such trustee, in lawful money of the United States of America, or as otherwise provided in Section 2.08 of the Security Agreement, in the following manner:

(i) on July 2, 1985 there shall be due and payable interest accrued hereon to July 2, 1985;

(ii) on July 2, 1985 there shall be due and payable a portion of the principal hereof equal to [\$_____] per \$100,000 of the original principal amount hereof;

(iii) on January 2 and July 2 of each year, commencing with January 2, 1986, and continuing to and including July 2, 2000 (each such January 2 and July 2 being herein called an "Installment Payment Date") there shall be due and payable interest and principal in 30 semi-annual installments (each being herein called an "Installment Payment"), containing both principal and interest, the amount of the Installment Payment due on each Installment Payment Date occurring on or prior to July 2, 1990 to be equal to [insert 7.544382% or 7.545977% if the date of this Note is in calendar year 1984 or 1985, respectively] of the excess of (y) the original principal amount hereof over (z) the amount of the portion of the principal hereof payable hereon in accordance with the immediately preceding clause (ii), and the amount of the Installment Payment due on each

Installment Payment Date occurring subsequent to July 2, 1990 (other than July 2, 2000) to be equal to [insert 8.852717% or 8.854765% if the date of this Note is in calendar 1984 or 1985, respectively] of such excess of the amount determined in accordance with the immediately preceding subclause (y) over the amount determined in accordance with the immediately preceding subclause (z); and

(iv) on July 2, 2000 there shall be due and payable the remaining amount, if any, of the unpaid principal amount of this Note and all accrued and unpaid interest hereon and all premium (if any) payable hereon.

Each Installment Payment, when paid, shall be applied first to the payment of accrued interest on this Note to, but not including, the date fixed for such Installment Payment, second to the payment of the premium, if any, owing on this Series B Note on such date, and third to the payment of the principal amount of this Note remaining unpaid.

This Series B Note is one of the Owner's 14-1/8% Secured Series B Notes which, together with the Owner's 14-1/8% Secured Series A Notes (the "Series A Notes"), are issued under the Security Agreement as therein provided. The Series A Notes and the Series B Notes are secured under and in accordance with the terms and priorities of the Security Agreement. Reference is hereby made to the Security Agreement for a description of the Collateral thereby granted, assigned and pledged, the nature, extent and priority of the security for the Series A Notes and the Series B Notes, the rights of the registered owners of the Series A Notes and the Series B Notes, the Trustee and the Owner in respect of such security and otherwise and the terms upon which the Series A Notes and the Series B Notes are authenticated and delivered.

The principal of this Series B Note is subject to prepayment by the Owner, only to the extent and under the circumstances set forth in the Security Agreement, at a price equal to 100% of the principal amount hereof to be prepaid plus interest accrued and unpaid to the date of such prepayment, together with the premium (if any) provided for in the Security Agreement upon such prepayment.

Upon the occurrence of a Security Agreement Event of Default specified in the Security Agreement, the principal hereof, the premium hereon (if any) and the interest accrued and unpaid hereon may be declared to be forthwith due and payable as provided in the Security Agreement.

The Series B Notes are issuable only as fully registered Notes. The Owner, Trustee and any endorser may deem and treat the person in whose name this Series B Note is registered on the register of the Security Agreement as the absolute owner hereof for the purpose of receiving payments of principal, premium and interest and for all other purposes, and neither the Owner, the Trustee nor any endorser shall be affected by any notice to the contrary. In accordance with the provisions of the Security Agreement, this Series B Note may be transferred at the Trustee Office, and exchanged for notes in similar form of other denominations.

Should any indebtedness represented by this Note be collected at law or in equity, or in bankruptcy or other proceedings, or should this Note be placed in the hands of attorneys for collection after default, the Owner agrees to pay, in addition to the principal, premium and interest due and payable hereon, all costs of collecting or attempting to collect this Note, including reasonable attorneys' fees and expenses (including those incurred in connection with any appeal).

To the extent permitted by applicable law, the Owner, for itself and its successors and assigns and any endorsers or guarantors, waives presentment, protest and demand and notice of protest, demand and dishonor and agrees that the due date of this Series B Note or any payment hereon may be extended without affecting any liability hereunder.

The obligations of the Owner hereunder shall not in any way be affected by the illegality, invalidity or unenforceability, as against any limited partner of the Owner, of the Endorsement attached hereto.

This Series B Note shall be governed by and construed and enforced in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Owner has caused this
14-1/8% Secured Series B Note to be duly executed and
delivered.

DEAN WITTER RAIL INVESTORS
LIMITED PARTNERSHIP

By DEAN WITTER TRANSPORTATION
LEASING CORPORATION,
General Partner

By: _____

By CLC INVESTORS, INC.,
General Partner

By: _____

ENDORSEMENT

Each of the limited partners of Owner as of the date hereof and listed on Schedule A hereto, for value received, hereby promises to pay to _____ or registered assigns when due that percentage of the principal amount hereof from time to time outstanding as set forth opposite such limited partner's name on Schedule A hereto. No such limited partner shall have any obligation in respect of the payment of interest or premium, if any, payable on this Series B Note. Although such limited partner is obligated to the registered owner of this Series B Note as in this endorsement set forth, nothing herein shall expand the liabilities or obligations of such limited partner to any other person; no person, other than the registered owner of this Series B Note and the Trustee, may rely upon the provisions of this endorsement; and except as in this endorsement provided, such limited partner, as such, shall not be bound by any obligation of the Owner.

LIMITED PARTNERS OF DEAN WITTER RAIL
INVESTORS LIMITED PARTNERSHIP LISTED
ON SCHEDULE A HERETO

By: Dean Witter Transportation
Leasing Corporation, as
attorney-in-fact for, and on
behalf of each of the limited
partners of Dean Witter Rail
Investors Limited Partnership
listed on Schedule A hereto
pursuant to a Power of
Attorney.

By: _____

Title: _____

Trustee's Certificate of Authentication

This Note is one of the 14-1/8% Secured Series B
Notes of Dean Witter Rail Investors Limited Partnership
described in the within-mentioned Security Agreement.

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION

By: _____

Title: _____